UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2025

or

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

For the transition period from to

Commission file number: 001-36182

Xencor, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**20-1622502**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
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	Name of each exchange on which registered
Common Stock, par value $0.01 per share	XNCR	The Nasdaq Global Market

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

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

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

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

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

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

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

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

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

If securities are registered pursuant to Section 12(b) of the Exchange Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of June 30, 2025 was $555,937,423.

The number of outstanding shares of the registrant's common stock, par value $0.01 per share, as of February 17, 2026 was 73,338,642.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the registrant's 2026 Annual Meeting of Stockholders, which will be filed subsequent to the date hereof, are incorporated by reference into Part III of this Form 10-K. Such proxy statement will be filed with the Securities and Exchange Commission not later than 120 days following the end of the registrant's fiscal year ended December 31, 2025.

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Xencor, XmAb and Proteins by Design are registered trademarks of Xencor, Inc. All other product and company names are trademarks of their respective companies. References in this Annual Report on Form 10-K to "we", "our", "us", "Xencor" or "the Company" refer to Xencor, Inc.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and we intend that such forward-looking statements be subject to the safe harbors created thereby. Any statements contained in this Annual Report on Form 10-K except for historical information, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, words such as "may," "might," "will," "expect," "believe," "anticipate," "goal," "endeavor," "strive," "intend," "plan," "project," "could," "estimate," "target," "forecast," or "continue" or the negative of these words or other variations thereof or comparable terminology are intended to identify forward-looking statements. Such statements may include, but are not limited to, statements concerning the following:

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

The forward-looking statements included herein are based on current expectations of the Company's management based on available information and involve a number of risks and uncertainties, all of which are difficult or impossible to predict accurately, and many of which are beyond its control. As such, the Company's actual results and timing of certain events may differ materially from the results discussed, projected, anticipated or indicated in any forward-looking statements. Forward-looking statements are not guarantees of future performance and the Company's actual results of operations, financial condition and cash flows may differ materially. Factors that may cause or contribute to such differences include, but are not limited to, those discussed in more detail in Item 1A. "Risk Factors" of Part I of this Annual Report on Form 10-K. Readers should carefully review these risks, as well as the additional risks described in other documents the Company files from time to time with the Securities and Exchange Commission (the "SEC"). In light of the significant risks and uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that such results will be achieved, and readers are cautioned not to place undue reliance on such forward-looking information. Statements made herein are as of the date of the filing of this Annual Report on Form 10-K with the SEC and should not be relied upon as of any subsequent date. Except as may be required by law, the Company disclaims any intent to revise the forward-looking statements contained herein to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

PART I

Item 1. Business

A. Overview

We are a clinical-stage biopharmaceutical company focused on discovering and developing engineered antibody therapeutics to treat patients with cancer and autoimmune diseases, who have unmet medical needs. We use our protein engineering capabilities to design new technologies and XmAb® drug candidates with improved properties and multi-target mechanisms of action. We advance these candidates into clinical-stage development, where we are conducting Phase 1 and Phase 2 studies for a broad portfolio of programs, to determine which programs to advance into later stages of development and potentially commercialization, which programs we partner to optimize development, and which programs we discontinue.

Our approach to protein design includes engineering Fc domains, the parts of antibodies that interact with multiple segments of the immune system and control antibody structure. The Fc domain is constant and interchangeable across antibodies, and our engineered Fc domains can be readily substituted for natural Fc domains. These Fc domains provide specific features such as bispecific structure and extended half-life and serve as the scaffolds for our XmAb drug candidates.

We and our partners develop XmAb antibodies and other types of biotherapeutic drug candidates with improved properties and functionality, which can provide innovative approaches to potentially treating disease and clinical benefits over other treatment options. Applications of our protein engineering technologies include multi-specific antibodies that engage two or more targets simultaneously, creating entirely new biological mechanisms of anti-disease activity, or enhancement of antibody performance by increasing immune inhibitory activity, improving cytotoxicity, extending circulating half-life and stabilizing novel protein structures. Three marketed medicines have been developed with our XmAb protein engineering technologies.

B. XmAb Bispecific Fc Domain and Multi-Specific Antibody Formats

Our modular approach to protein engineering is a distinguishing feature of our Fc technologies. This flexibility enables us to design multiple XmAb drug candidates with distinct and novel mechanisms of action and to explore new applications of the XmAb Bispecific Fc Domain. Our business, research, and clinical efforts focus on developing and advancing a portfolio of XmAb drug candidates in oncology and autoimmune diseases.

- ***CD3 bispecific antibodies***: CD3 T-cell engaging bispecific antibodies are designed to redirect T cells to target cells by engaging an antigen on the target cell and CD3, an activating receptor on T cells.

  We have expanded the potential of our CD3 T-cell engagers through the development of the multi-specific XmAb 2+1 bispecific antibody format, which incorporates two identical target-binding domains and one CD3-binding domain. Target-binding affinities are engineered to enable selective engagement and killing of cells with high target expression while minimizing activity against normal cells with low target expression.

  In preclinical cancer models, XmAb 2+1 bispecific antibodies preferentially bound to tumor cells over normal cells and effectively recruited T cells to selectively kill tumor cells. These properties may be particularly important for solid tumor targets, where conventional monovalent targeting can result in limited tolerability due to target expression on normal tissues, including critical organs. XmAb819 and XmAb541 are examples of our CD3 candidates in clinical development for solid tumors that were designed using this 2+1 format. Plamotamab and XmAb657, which uses a 2+1 format, are examples of our CD3 candidates in clinical development for autoimmune diseases.

- ***CD28 bispecific antibodies***: T cells in the tumor microenvironment require both T-cell receptor engagement and co-stimulatory signaling to achieve full activation. CD28 is a key co-stimulatory receptor on T cells; however, its natural ligands are often not expressed on tumor cells. Targeted CD28 T-cell engaging bispecific antibodies may enable conditional co-stimulation of T cells, such as in the presence of tumor-associated antigens or in combination with CD3 T-cell engaging bispecific antibodies. XmAb808, our clinical-stage CD28 candidate, has been engineered to provide selective CD28 co-stimulation, activating T cells upon binding to B7-H3 expressed on tumor cells.

- ***XmAb412 (TL1A x IL23p19)***: XmAb412 is a bispecific antibody that inhibits both TL1A and IL23p19, two important inflammatory pathways for autoimmune and inflammatory disease, while avoiding the complexities of development, dosing and formulary access for two separate TL1A and IL23 monospecific drugs. *In vitro* studies show that XmAb412 matches the target inhibition potency of monospecific antibodies to these targets, but in a

bispecific format. XmAb412 could address significant unmet medical needs for patients with inflammatory bowel diseases, including Crohn's disease and ulcerative colitis. We anticipate initiating first-in-human studies during 2026.

Additional XmAb Fc domains that we have developed include:

- ***Immune Inhibitor Fc Domain***: Designed to provide selective immune inhibition and rapid target clearance through engagement of the FcγRIIb receptor.
- ***Cytotoxic Fc Domain***: Engineered to enhance cytotoxic activity through engagement of FcγRIIIa receptors on natural killer cells and FcγRIIa receptors on other immune system cells.
- ***Xtend™ Fc Domain***: Designed to extend antibody half-life through engagement of the FcRn receptor on endothelial cells. XmAb942 is an antibody that targets TL1A and is in clinical development for inflammatory bowel diseases that uses our Xtend Fc domain.

C. Our Strategy

Our goal is to become a leading biopharmaceutical company that develops and commercializes engineered biologic medicines to advance the standard of care for patients with severe and life-threatening diseases. Key elements of our strategy include the following:

Advance XmAb antibody programs in oncology and autoimmune diseases

We seek to advance multiple XmAb drug candidates into clinical development by leveraging protein engineering capabilities and our modular bispecific technologies. We have aligned our portfolio to prioritize T cell-engaging bispecific antibody programs in oncology, which we believe represent an important emerging class of drugs that holds significant potential for the treatment of patients beyond current standard of care. We employ a number of XmAb protein engineering technologies for our current portfolio of drug candidates to treat patients with cancer and with autoimmune and inflammatory diseases.

Build and actively manage a pipeline of XmAb drug candidates

We advance multiple XmAb drug candidates into early stages of clinical development and evaluate data generated from ongoing studies to inform further development decisions. Based on emerging clinical data, competitive dynamics, and resource considerations, we may increase investment in certain programs, enter into partnerships with third-party biotechnology or pharmaceutical companies, or discontinue development of certain drug candidates.

Leverage protein engineering capabilities through partnerships and collaborations

We seek to utilize our protein engineering capabilities, XmAb Fc domains, XmAb multi-specific antibodies, and XmAb drug candidates in collaboration, licensing, and partnership arrangements to generate revenue while selectively retaining rights to advance certain prioritized programs internally, create new drug candidates, explore combination therapies, and identify additional indications for our pipeline programs.

Generate revenue through licensing and collaboration arrangements

The modular nature of our Fc technologies and our ability to efficiently generate multiple drug candidates provide opportunities to generate revenue from licensing and collaboration agreements with third parties.

Create new XmAb drug candidates and evaluate combination therapies

We aim to leverage our XmAb Fc domains and protein engineering technologies, independently and with partners, to create novel XmAb drug candidates and, where appropriate, to evaluate our candidates in combination with other therapeutic agents.

Expand the functionality of XmAb technology platforms

We continue to conduct research into the function and application of multi-specific antibodies to broaden the scope of our XmAb technology platforms. Our modular designs allow us to engineer XmAb drug candidates across a range of structural formats and biological functions. We are engineering new molecular formats based on our Fc domains to develop novel molecules for engaging three targets simultaneously, called trispecific antibodies, to create highly specific cancer therapies, while overcoming the inherent structural and stability problems for standard trispecific molecules.

Protect and expand our intellectual property portfolio

We seek to protect our proprietary XmAb technologies and XmAb drug candidates by filing and prosecuting patents in the United States and other jurisdictions. Where appropriate, we pursue the expansion and extension of patent coverage for our proprietary and partnered programs incorporating our XmAb technologies.

D. XmAb Drug Candidates in Clinical Development

Wholly Owned	Developed by Partners	Marketed by Partners
Oncology pipeline:	Xaluritamig	Ultomiris*
XmAb819	Obexelimab	Monjuvi*
XmAb541	Teropavimab and zinlirvimab	
XmAb808	Tobevibart	
	ASP2138	
Autoimmune pipeline:	Zaltenibart	
XmAb942	Novartis antibody	
Plamotamab	JNJ-9401	
XmAb657	JNJ-1493	

* Alexion and Incyte are conducting additional Phase 3 studies in new indications.

We regularly evaluate our portfolio of candidates and make additional investments in candidates with promising early-stage clinical data, partner out other candidates, and stop development of candidates where early clinical data does not support further investment by us. During 2025:

- We presented initial results from the ongoing Phase 1 dose-escalation study of XmAb819 in advanced clear cell renal cell carcinoma and presented early efficacy data from a cohort in the ongoing Phase 1 dose-escalation study of XmAb541 in advanced gynecologic and germ cell tumors;
- We presented initial data from a Phase 1 study of XmAb942 in healthy volunteers and initiated a global Phase 2b study of XmAb942 in ulcerative colitis (XENITH-UC);
- We initiated a Phase 1b proof-of-concept study of plamotamab for patients with rheumatoid arthritis who have progressed through prior standard-of-care treatment;
- We initiated a Phase 1 proof-of-concept study of XmAb657 for patients with idiopathic inflammatory myopathies;
- We selected XmAb412 as our lead TL1A x IL23p19 bispecific antibody drug candidate;
- We paused further development of vudalimab, a PD-1 x CTLA-4 bispecific antibody, and decided not to initiate expansion cohorts of XmAb808 in combination with pembrolizumab.

Wholly Owned Clinical-Stage XmAb Drug Candidates

Our modular XmAb technologies and protein engineering capabilities enable us to rapidly advance multiple drug candidates into clinical development. We are currently enrolling Phase 1 or Phase 2 studies for five wholly-owned candidates to treat patients with many different types of serious diseases: XmAb819, XmAb541, XmAb942, plamotamab and XmAb657.

Oncology Programs

XmAb819 (ENPP3 x CD3): XmAb819 is a novel, potential first-in-class, tumor-targeted, T-cell engaging XmAb 2+1 bispecific antibody in development for patients with clear cell renal cell carcinoma (ccRCC). XmAb819 is designed to engage the immune system and activate T cells for highly potent and targeted lysis of tumor cells expressing ENPP3, an antigen highly expressed on kidney cancers. ENPP3 is a differentially expressed target, with high level expression in RCC and low level expression on normal tissues. With two tumor-antigen binding domains and one T-cell binding domain, our XmAb 2+1 format is designed to enable antibodies to bind more avidly and selectively kill tumor cells with higher antigen density, potentially sparing normal cells. We are conducting a Phase 1 study to evaluate XmAb819 in patients with advanced ccRCC.

At the AACR-NCI-EORTC Conference on Molecular Targets and Cancer Therapeutics in October 2025, we presented initial results from the Phase 1 dose-escalation study. As of the data cut-off, 69 patients had received XmAb819 across 15 dose cohorts; patients were heavily pre-treated, having received a median of 4 prior lines of therapy. All patients received prior anti-PD1 therapy and prior VEGF-TKI therapy, and 36% of patients were previously treated with a HIF2α inhibitor. XmAb819 demonstrated evidence of anti-tumor activity and an acceptable safety profile that was generally well tolerated across dose levels. Of the 20 efficacy-evaluable patients treated at the dose levels that were preclinically predicted to be within the target dose range, 25% achieved a partial response (4 confirmed PR and 1 unconfirmed PR, per RECIST v1.1) as best response with a 70% disease control rate. The most common treatment-emergent adverse events (AEs) were

cytokine release syndrome, rash and gastrointestinal-related toxicities that were primarily Grade 1 or 2 in severity and predominantly associated with prime-step dosing in the first four weeks of treatment. No cases of treatment-related immune effector cell-associated neurotoxicity syndrome (ICANS) were observed. No Grade 5 events were reported. Four patients (6%) were dose-reduced due to treatment-related AEs, and three patients (4%) discontinued treatment due to treatment-related AEs.

The dose-expansion portion of the current Phase 1 study is enrolling patients and dose-escalation continues in RCC. We have initiated tumor expansion cohorts in colorectal cancer (CRC), non-small cell lung cancer (NSCLC) and papillary renal cell carcinoma (pRCC).

XmAb541 (CLDN6 x CD3): XmAb541 is a novel, potential first-in-class, tumor-targeted, T-cell engaging XmAb 2+1 bispecific antibody in development for patients with CLDN6 expressing tumor types including ovarian cancer. XmAb541 is designed to engage the immune system and activate T cells for highly potent and targeted lysis of tumor cells expressing CLDN6, a tumor-associated antigen in ovarian cancer, germ cell tumors and other solid tumors. 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 conducting a Phase 1 dose-escalation study to evaluate XmAb541 in patients with advanced gynecologic and germ cell tumors.

In October 2025 we presented early efficacy data from a cohort in the ongoing Phase 1 dose-escalation study. As of the data cut-off, nine patients received XmAb541 in the most recently completed escalation cohort. Confirmed partial responses per RECIST v1.1 were observed in three patients: one patient with ovarian cancer and two patients with germ cell tumors.

XmAb808 (B7-H3 x CD28): XmAb808 is a tumor-selective, co-stimulatory CD28 bispecific antibody that binds to the broadly expressed tumor antigen B7-H3 and is constructed with the XmAb 2+1 multivalent format. Co-stimulation is required for T cells to achieve full activation, and targeted CD28 bispecific antibodies may provide conditional co-stimulation of T cells when the antibodies are bound to tumor cells. Data from completed cohorts in a Phase 1 dose-escalation study of XmAb808 in combination with pembrolizumab, an anti-PD1 antibody, are expected to inform future development decisions for the program. Potential combination with CD3 T-cell engaging bispecific antibodies is being evaluated.

Autoimmune Disease Programs

XmAb942 (Xtend TL1A): XmAb942 is a high-potency, extended half-life, investigational anti-TL1A antibody in clinical development for patients with inflammatory bowel disease (IBD), such as ulcerative colitis (UC) and Crohn's disease (CD). The first generation of anti-TL1A antibodies, designed to block the interaction between the DR3 receptor and its ligand TL1A, have reduced disease activity in patients with UC and CD in multiple clinical studies. We announced interim results from a Phase 1 dose-escalation study in healthy volunteers in April 2025. The results indicate that XmAb942 was well tolerated at single and multiple doses. Pharmacokinetic analysis of the single dose cohorts estimated a human half-life of greater than 71 days, which supports a 12-week dosing interval during maintenance treatment. We initiated a Phase 2b study of XmAb942 in UC, the XENITH-UC Study, in the third quarter of 2025. XENITH-UC is a randomized, double-blind, placebo-controlled trial in patients with moderate-to-severe UC, whose disease has progressed after at least one conventional or advanced therapy.

Plamotamab (CD20 x CD3): Plamotamab is a B-cell depleting bispecific T-cell engager that targets CD20, a target receptor on B cells. In the second quarter of 2025, we received regulatory authorization to initiate a Phase 1b proof-of-concept study for plamotamab in rheumatoid arthritis (RA), and we initiated the study in the third quarter of 2025. The study will select a priming and step-up dose regimen based on the regimen established in oncology, and will assess the initial safety, efficacy and biomarkers of plamotamab in patients with RA.

Results from the previously conducted Phase 1 study in hematologic cancers showed favorable tolerability and comparable preliminary efficacy data, when cross compared to results from studies of a competitor molecule within the class, with similar patient baseline characteristics. Data demonstrating deep peripheral B-cell depletion observed in patients with lymphoma were presented at a medical meeting in December 2024. Based on these clinical outcomes, significant B-cell depletion, and the emergent biology supportive of B-cell targeted T-cell engagers for the treatment of patients with autoimmune diseases, we are evaluating plamotamab in RA, in which patients progressed through prior standard-of-care treatment.

XmAb657 (CD19 x CD3): XmAb657 is a potent, potentially long-acting CD19 x CD3 bispecific antibody, utilizing the XmAb 2+1 bispecific antibody format and Xtend Fc technology. In non-human primate studies, a single dose of XmAb657 deeply reduced B cells by over 99.98% in the peripheral compartment, bone marrow and lymph nodes, which was sustained for at least 42 days. Half-life in non-human primates was estimated to be 15 days, which indicates a potential

for durable B-cell depletion in human clinical studies. XmAb657 was well tolerated preclinically, with no clinical signs of cytokine release syndrome. XmAb657 is in development for patients with idiopathic inflammatory myopathies (IIM). We initiated a first-in-human, Phase 1 study in the fourth quarter of 2025.

Collaborations, Partnerships and Licensing Arrangements for Approved or Authorized Medicines and Clinical-Stage Programs Engineered with XmAb Fc Domains

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.

Incyte: The FDA approved Monjuvi® (tafasitamab-cxix) under accelerated approval in July 2020. Monjuvi is a CD19-directed cytolytic antibody containing an XmAb Fc domain for improved cytotoxic potency and indicated in combination with lenalidomide for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL), 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 December 2024, Incyte announced positive full results from the pivotal study of tafasitamab in combination with lenalidomide and rituximab in relapsed or refractory follicular lymphoma (FL) and submitted a supplemental Biologics License Application, which was accepted in February 2025. In June 2025, the FDA approved Monjuvi in combination with rituximab and lenalidomide for the treatment of adult patients with relapsed or refractory FL. In January 2026, Incyte announced positive topline results from a pivotal study of Monjuvi as a first-line treatment for DLBCL and that they expect to file a supplemental Biologics License Application (sBLA) for the first-line treatment of adults with newly diagnosed DLBCL in the first half of 2026. Tafasitamab was created and initially developed by us. Tafasitamab is marketed by Incyte under the brand name Monjuvi in the U.S. and under the brand name Minjuvi® in Europe and Canada. Incyte has exclusive commercialization rights to tafasitamab outside the U.S. In February 2024, Incyte acquired exclusive global development and commercialization rights to tafasitamab from MorphoSys AG. Monjuvi® and Minjuvi® are registered trademarks of Incyte.

We are eligible to receive up to $195.0 million in future milestone payments and tiered royalties on net sales of Monjuvi that range from high-single-digit to low-double-digit percentages. We earned $10.2 million in estimated non-cash royalties from Incyte for the year ended December 31, 2025.

Zenas: Zenas BioPharma (“Zenas”) is advancing obexelimab, an antibody that targets CD19 with its variable domain, for the treatment of patients with autoimmune diseases. Obexelimab uses an XmAb Fc domain that was designed to inhibit the function of B cells, an important component of the immune system. Obexelimab was created and initially developed by us and was licensed to Zenas in November 2021. Zenas’ partner, Bristol Myers Squibb, holds exclusive development and commercialization rights for obexelimab in Japan, South Korea, Taiwan, Hong Kong, Singapore, and Australia.

In October 2025, Zenas announced positive results from the Phase 2 MoonStone trial of obexelimab in patients with relapsing multiple sclerosis, in which the primary endpoint was met. In January 2026, Zenas announced positive results from the Phase 3 INDIGO trial of obexelimab in patients with immunoglobulin G4-related disease (IgG4-RD), in which the primary endpoint was met. Zenas announced that it anticipates submitting a biologics license application (BLA) to the U.S. Food and Drug Administration for the treatment of IgG4-RD in the second quarter of 2026 and a Marketing Authorization Application (MAA) to the European Medicines Agency in the second half of 2026. Zenas is also conducting a Phase 2 study of obexelimab in patients with systemic lupus erythematosus.

We are eligible to receive up to $460.0 million in future milestone payments and tiered royalties on net sales of obexelimab that range from mid-single-digit to mid-teen percentages, dependent on geography. As of December 31, 2025, we own 3,098,380 shares of common stock in Zenas.

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.

Amgen: Xaluritamig is a STEAP1 x CD3 2+1 XmAb bispecific T-cell engager 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. Results from a Phase 1 study evaluating xaluritamig in patients with metastatic castration-resistant prostate cancer (mCRPC) were presented in September 2024. With a median follow-up of 27.9 months, median overall survival was 17.7 months across all cohorts. A PSA90 response rate of 45.1% was observed in high-dose cohorts, and PSA90 response was associated with improved survival ($p = 0.0044$), which Amgen believes could potentially serve as an early indicator of clinical benefit in these patients.

In the third quarter of 2025, Amgen initiated the Phase 3 XALience study evaluating xaluritamig in combination with abiraterone versus investigator's choice therapy in patients with chemotherapy-naïve mCRPC. In addition, the Phase 3 XALute monotherapy study of xaluritamig in patients with mCRPC previously treated with taxane-based chemotherapy is ongoing. Multiple Phase 1 and Phase 1b studies evaluating xaluritamig as a monotherapy or in combination are also enrolling patients with earlier prostate cancer.

We are eligible to receive up to $225.0 million in regulatory and sales milestone payments related to the xaluritamig program and tiered royalties on global net sales of approved products that range from mid- to high-single digit percentages.

Astellas: ASP2138 is a bispecific Claudin 18.2 x CD3 bispecific antibody that Astellas is advancing for the treatment of patients with gastric, gastroesophageal junction or pancreatic cancers. ASP2138 utilizes the XmAb 2+1 multivalent format to enable activation of T cells against CLDN18.2-expressing tumor cells. In October 2025, the first clinical data from ASP2138, both as a monotherapy and in combination with standard-of-care therapies in gastric or gastroesophageal junction adenocarcinomas, were presented during the European Society for Medical Oncology (ESMO) congress in Berlin. We are eligible to receive $232.5 million in future milestone payments and tiered royalties on net sales of ASP2138 that range from high-single to low-double digit percentages.

Janssen Biotech, a Johnson & Johnson Company: JNJ-9401 is a PSMA x CD28 bispecific antibody that J&J is advancing for the treatment of patients with mCRPC. In November 2020, we entered into an agreement with J&J (the J&J Agreement) to develop XmAb bispecific antibodies against CD28 and a prostate tumor target, for the potential treatment of patients with prostate cancer, and from the collaboration, J&J selected JNJ-9401, which is currently in a Phase 1 clinical study. We are eligible to receive a total of $640.0 million in future milestone payments and tiered royalties on net sales that range from high-single-digit to low-double-digit percentages for products developed under the J&J Agreement.

JNJ-1493 is a CD20 x CD28 bispecific antibody that J&J is advancing for the treatment of patients with B-cell malignancies. In October 2021, we entered into a second collaboration agreement with J&J (the Second J&J Agreement) to create and characterize CD28 bispecific antibody candidates against B-cell targets, and from the collaboration, J&J selected JNJ-1493, which is currently in a Phase 1 clinical study. In 2023, J&J also selected two additional CD28 bispecific antibody candidates under the second agreement. We are eligible to receive a total of $636.3 million in future milestone payments and tiered royalties on net sales that range from high-single-digit to low-double-digit percentages for products developed under the Second J&J Agreement.

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. 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: Alexion's Ultomiris® uses Xtend Fc technology to enhance the half-life of Ultomiris to allow for a longer duration of action, less frequent dosing and reduced patient burden of therapy compared to the previous generation therapy, Soliris®. 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), for certain patients with generalized myasthenia gravis (gMG) and for certain patients with neuromyelitis optica spectrum disorder (NMOSD).

Alexion is also evaluating Ultomiris in a broad development program across additional hematology, nephrology and neurology indications. Ultomiris and Soliris are registered trademarks of Alexion Pharmaceuticals, Inc.

We are eligible to receive a low-single-digit percentage royalty on net sales of Ultomiris. We earned $70.1 million in estimated non-cash royalties from Alexion for the year ended December 31, 2025.

Vir Bio: Vir Biotechnology, Inc. ("Vir Bio") is advancing tobevibart, a neutralizing antibody that incorporates an XmAb Fc domain with multiple enhanced features, as a potential treatment for patients with chronic hepatitis Delta (CHD). In August 2019, we entered into an agreement with Vir Bio pursuant to which we granted Vir Bio a non-exclusive license to our Xtend technology for two infectious disease targets. Vir Bio initiated a Phase 3 registrational study of tobevibart in combination with a small interfering ribonucleic acid (siRNA) in people living with CHD in March 2025, triggering a $2.0 million milestone payment to the Company, which was paid in the second quarter of 2025. We are eligible to receive up to $65.0 million in future milestone payments and tiered royalties on net sales of tobevibart that range from low-single-digit to mid-single-digit percentages.

Novo Nordisk: Zaltenibart is an antibody targeting mannan-binding lectin-associated serine protease-3 (MASP-3) that uses our XmAb Xtend Fc Domain. In December 2025, Novo Nordisk acquired exclusive global development and commercialization rights to zaltenibart from Omeros Corporation. Omeros conducted multiple Phase 2 studies evaluating zaltenibart for the treatment of patients with paroxysmal nocturnal hemoglobinuria (PNH) and other alternative pathway disorders. We are eligible to receive up to $60.0 million in future milestone payments and royalties on net sales of zaltenibart in the mid-single-digit percentage range.

Gilead: Teropavimab and zinlirvimab are broadly neutralizing antibodies that incorporate our XmAb Fc technologies. Gilead Sciences, Inc. is advancing teropavimab and zinlirvimab in combination with lenacapavir as a long-acting treatment for virologically suppressed people living with human immunodeficiency virus (HIV) in a Phase 2 study. For each antibody, we are eligible to receive up to $64.0 million in future milestone payments and tiered royalties on net sales of approved products in the low-single digit percentage range.

Novartis: Novartis is conducting Phase 2 studies evaluating an undisclosed antibody drug candidate that uses one of our XmAb Fc technologies. We are eligible to receive up to $69.0 million in future milestone payments and royalties on net sales in the low-single digit percentage range.

Refer to Part II, Item 8, Note 2, Collaboration and Licensing Agreements of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for a description of the key terms of our arrangements.

E. Our Research and Development Pipeline

We have leveraged our XmAb Fc platforms and protein engineering capabilities to generate a growing pipeline of drug candidates in clinical and preclinical development, including multiple candidates that incorporate our bispecific Fc domain. We continue to advance these candidates as potential programs for internal clinical development or for out-licensing to third parties. From time to time, we also in-license antibody technologies and compounds from other companies that we believe may enable the creation of additional product candidates through the application of our proprietary technologies. These in-licensing arrangements may require upfront payments, development and commercial milestone payments, and, if commercial products are approved, royalties based on net sales.

F. Market Opportunity

Oncology programs (XmAb819, XmAb541 and XmAb808)

We are actively advancing wholly owned T cell–engaging bispecific antibody drug candidates for the treatment of cancer, including XmAb819, XmAb541, and XmAb808. Cancer is a broad group of diseases characterized by uncontrolled cell growth that can invade surrounding tissues and spread to other parts of the body, and it is the second leading cause of death in the United States. According to the American Cancer Society, approximately 2.1 million new cancer cases and approximately 626,140 cancer-related deaths are expected in the United States in 2026. The National Institutes of Health has estimated that, driven by population growth and aging, medical expenditures for cancer in the United States are projected to reach at least $245.6 billion in 2030.

Inflammatory bowel disease program (XmAb942)

XmAb942 is our wholly owned anti-TL1A antibody drug candidate that we are actively advancing in clinical development for the treatment of IBD. According to the U.S. Centers for Disease Control and Prevention, IBD affects an estimated 2.4 million to 3.1 million adults in the United States, with prevalence increasing over time. The Crohn's & Colitis Foundation estimates that approximately 70,000 new cases are diagnosed annually in the United States. IBD includes ulcerative colitis, which primarily affects the colon, and Crohn's disease, which can involve any part of the

gastrointestinal tract. Common symptoms include abdominal pain, diarrhea, bloody stool, weight loss, bowel urgency, fatigue, and systemic complications, and the disease is associated with reduced quality of life, increased rates of hospitalization and surgery, and an elevated risk of colorectal cancer.

Despite the availability of multiple approved therapies, durable remission is achieved in only approximately 10% to 20% of patients, reflecting a substantial unmet medical need. Many patients experience inadequate response, loss of response over time, or treatment-limiting side effects, and adherence can be challenging due to dosing frequency and administration burden. According to GlobalData, the global market for therapies to treat Crohn's disease and ulcerative colitis is projected to reach approximately $40 billion by 2032.

Rheumatoid arthritis program (Plamotamab)

Plamotamab is our wholly owned bispecific antibody drug candidate that we are advancing for the treatment of rheumatoid arthritis (RA). RA is a chronic autoimmune and inflammatory disease in which the immune system attacks healthy tissues, primarily affecting the joints and leading to pain, swelling, progressive joint damage, and functional impairment. According to the Arthritis Foundation, RA affects approximately 1.5 million adults in the United States.

Beyond joint involvement, RA can result in systemic complications affecting organs such as the heart, lungs, and eyes, and is associated with reduced quality of life, increased disability, and shortened life expectancy. Despite the availability of multiple approved therapies, including biologic agents and targeted small molecules, many patients do not achieve sustained remission or experience loss of response over time, highlighting a continued unmet medical need, particularly among patients with moderate-to-severe or refractory disease.

According to GlobalData, the global market for rheumatoid arthritis therapies is projected to reach approximately $30 billion by 2030, reflecting the large patient population and ongoing demand for therapies that can provide durable disease control.

Idiopathic inflammatory myopathies program (XmAb657)

XmAb657 is our wholly owned bispecific antibody drug candidate that we are advancing for the treatment of idiopathic inflammatory myopathies (IIM). IIM is a heterogeneous group of rare autoimmune disorders, including dermatomyositis, polymyositis, and inclusion body myositis, characterized by chronic muscle inflammation and progressive muscle weakness. Estimates from patient advocacy organizations suggest that IIM affects approximately 75,000 individuals in the United States.

In addition to muscle weakness, patients with IIM may experience skin manifestations, difficulty swallowing, and serious systemic complications, including interstitial lung disease, which can be life-threatening. Current treatment approaches rely primarily on corticosteroids and broad immunosuppressive therapies, which are often associated with significant long-term side effects and may not adequately control disease progression for many patients. As a result, there remains a substantial unmet medical need for more targeted therapies that can improve functional outcomes and long-term disease management.

According to GlobalData, the global market for inflammatory myopathy therapies is projected to reach approximately $2.1 billion by 2031, reflecting the growing recognition of disease burden and the need for novel treatment options in this rare autoimmune indication.

G. Competition

We compete in an industry characterized by rapid technological advancement, intense competition, and a strong emphasis on proprietary products. Our competitors include pharmaceutical and biotechnology companies, academic institutions, and other research organizations. We compete for promising antibody-based therapeutic targets, technologies to optimize antibody design, and the recruitment and retention of highly qualified scientific and clinical personnel. Many of our current and potential competitors have substantially greater scientific, research, and product development capabilities, as well as greater financial, marketing, sales, and human resources than we do. In addition, numerous specialized biotechnology companies have formed collaborations with large, established pharmaceutical companies to support the research, development, and commercialization of competing products. As a result, our competitors may be more successful than we are in developing, commercializing, and achieving market acceptance for products that compete with our drug candidates, which could render our product candidates obsolete or noncompetitive before we recover our development costs.

Competition in the fields of oncology and autoimmune disease drug development is intense, with hundreds of compounds in clinical development. A number of large pharmaceutical companies and biotechnology companies are developing competing bispecific antibody platforms, many of which have advanced multiple drug candidates into clinical trials, including Amgen, Genmab A/S, Regeneron Pharmaceuticals, Inc., and Roche Holding AG.

We are developing bispecific antibody drug candidates engineered to direct cytotoxic T-cell activity against solid tumor cells by engaging either the CD3 or CD28 receptor on T cells and a target antigen on tumor cells. Other companies conducting clinical trials of CD3- or CD28-based bispecific antibodies directed to solid tumor antigens include Amgen, Astellas, Context Therapeutics Inc., CytomX Therapeutics, Inc., Genmab A/S, Immunocore Holdings plc, Janux Therapeutics, Inc., Johnson & Johnson, Regeneron Pharmaceuticals, Inc., Roche Holding AG, Rondo Therapeutics, Inc., Takeda Pharmaceutical Co. Ltd., Third Arc Bio, Inc., and Vir Biotechnology. In addition, other antibodies, antibody-drug conjugates, and cell-based therapies are in development or approved for the treatment of cancer.

We are also developing bispecific antibody drug candidates designed to direct cytotoxic T-cell activity against B cells by engaging the CD3 receptor on T cells and either the CD20 or CD19 receptor on B cells. Other companies conducting clinical trials of CD3-based bispecific antibodies directed to CD20 or CD19 for autoimmune diseases include Amgen, Candid Therapeutics, Inc., Cullinan Therapeutics, Inc., Novartis AG, and Roche Holding AG. Additional antibodies and cell therapies are in development or approved for the treatment of autoimmune diseases.

We are developing antibody drug candidates that target the cytokine TL1A for the potential treatment of inflammatory bowel disease. Other companies conducting clinical trials of anti-TL1A monospecific or bispecific antibodies include Absci Corp., Caldera Therapeutics, Inc., Merck & Co., Inc., Roche Holding AG, Sanofi S.A., Spyre Therapeutics, Inc., and Teva Pharmaceutical Industries Limited.

In addition, we are aware of other companies with development-stage programs that may compete with our drug candidates or those of our licensees in the future. We expect competition to intensify as new therapies are approved and emerging technologies continue to evolve.

H. Human Capital Management

Our Employees

Our ability to develop XmAb technologies, advance our programs into late-stage development, position our programs for commercialization and identify successful business partnerships is dependent on attracting, retaining, and developing our employees. We seek to attract and support a diverse population of employees without regard to race, gender or sexual orientation. As of December 31, 2025, we had 260 full-time employees, of which 212 were engaged in research and development activities, and 48 were engaged in business development, information systems, facilities, human resources, or administrative support. Of these employees, 67 hold Ph.D. degrees, and 7 hold M.D. degrees. None of our employees are represented by any collective bargaining unit.

We are an equal opportunity employer and maintain policies that prohibit unlawful discrimination based on race, color, religion, gender, sexual orientation, gender identity/expression, national origin/ancestry, age, disability, marital and veteran status. We are proud to employ a diverse workforce that, as of December 31, 2025, was 60% non-white and 58% women. In addition, as of December 31, 2025, women made up 25% of our senior leadership team.

Compensation, Benefits, and Development

We provide compensation packages designed to attract, retain, and motivate high-quality employees. All employees are eligible for cash bonuses and grants of equity awards. We regularly evaluate our compensation programs with an independent compensation consultant and utilize industry benchmarking in an effort to ensure that such programs are competitive compared to similar biotechnology and biopharmaceutical companies with which we compete for talent and are intended to be fair and equitable across the workforce with respect to gender, race, and other personal characteristics. All employees are eligible to participate in our Employee Stock Purchase Plan through which they can purchase shares of our common stock at a discounted price. This plan and our other equity compensation plans assist us in building long-term relationships with our employees and align the interests of employees with stockholders. We also provide retirement benefits along with a health and well-being program that is designed to keep our employees and their families healthy and includes paid time off and medical, dental and vision benefits, along with dependent care, mental health, and other wellness benefits.

We value career development for all employees, and offer tuition reimbursement as well as provide opportunities for employees to attend professional development courses ranging from technical training, competency-based workshops, and leadership development programs. Direct managers also take an active role in supporting their employees in realizing their full potential and creating opportunities for promotions and added responsibilities that enhance the engagement and retention of our workforce. We regularly conduct employee surveys to assess employee engagement and identify areas for focus.

I. Intellectual Property

The foundation of our XmAb technology, product candidates, and partnering strategy is the generation and protection of intellectual property for novel antibody therapeutics. We combine proprietary computational methods for amino acid sequence design with laboratory-based generation and testing of new antibody compositions. Our design and engineering team evaluates the competitive intellectual property landscape in collaboration with patent counsel with the objective of building broad patent protection while minimizing the risk of third-party intellectual property infringement.

As a pioneer in Fc domain engineering, we have systematically analyzed the structure of the Fc domain to identify Fc variants with differentiated properties. We have filed patent applications covering thousands of specific Fc domain variants supported by experimental data demonstrating improvements in immune function, pharmacokinetics, structural stability, and novel structural constructs. As we identify new properties of these Fc variants and pursue additional business opportunities, we continue to file additional patent applications derived from our existing intellectual property. We also invest in the discovery of new Fc domain technologies and antibody product candidates to expand our intellectual property portfolio.

Our worldwide patent estate includes issued patents and pending patent applications with claims directed to XmAb Fc domains, our clinical- and preclinical-stage product candidates, and our computational protein design methods and platforms.

The patent expiration dates or projected patent expiration dates for pending patent applications in the United States and major foreign jurisdictions for our key technologies and drug candidates are set forth below. We also have pending patent applications that, if granted, may extend the exclusivity of certain technologies and products.

Technology	**Patent or Projected Patent Expiry***
Cytotoxic	2025 U.S.
Immune Inhibitor	2028 U.S.; 2025 Ex-U.S.
Xtend	2025 U.S.; 2028 Ex-U.S.
Bispecific	2034 U.S. and Ex-U.S.
CD3 T-Cell Engagers	2035 U.S.; 2036 Ex-U.S.
CD28 T-Cell Engagers	2041 U.S. and Ex-U.S.

Company Products	**Patent or Projected Patent Expiry***
XmAb808	2041 U.S. and Ex-U.S.
Vudalimab	2037 U.S. and Ex-U.S.
Plamotamab	2035 U.S. and Ex-U.S.
XmAb819	2040 U.S. and Ex-U.S.
XmAb541	2042 U.S. and Ex-U.S.
XmAb942	2045 U.S. and Ex-U.S.

Partnered Products	**Patent or Projected Patent Expiry***
Monjuvi	2033 U.S.; 2027 Ex-U.S.
Ultomiris	2028 U.S. and Ex-U.S.
Sotrovimab	2025 U.S.; 2028 Ex-U.S.
Obexelimab	2029 U.S.; 2028 Ex-U.S.
Xaluritamig	2039 U.S. and Ex-U.S.

** U.S. patent expiry includes any patent term adjustment and/or patent term extension; ex-U.S. patent expiry may be subject to further extension via supplementary protection certificates.*

Under the Hatch-Waxman Act, patent term extensions may be available for FDA-approved drugs, including biological products, for up to five years beyond the expiration of a patent. The length of any extension is generally based on the duration of regulatory review, subject to a maximum remaining patent term of 14 years from the date of product approval, and only one patent per approved product may be extended. Similar patent term extension mechanisms exist in Europe and other jurisdictions. If and when our product candidates receive regulatory approval, we expect to seek patent term extensions where available; however, there can be no assurance that such extensions will be granted or, if granted, of their duration.

The Patient Protection and Affordable Care Act, as amended by the Healthcare and Education Affordability Reconciliation Act (collectively, the ACA), established an abbreviated licensure pathway for biosimilar and interchangeable biological products. Under this framework, a biosimilar application generally may not be submitted to the FDA until four years after the date of first licensure of the reference product, and the FDA may not approve a biosimilar until 12 years after such first licensure. The ACA does not alter the duration of patent protection for biological products. In addition, even if a product qualifies for regulatory exclusivity as a reference product, a competing product could be approved through a full Biologics License Application supported by independent preclinical and clinical data. Legislative proposals have been introduced from time to time to modify or repeal aspects of the ACA, and it is uncertain how any such changes, if enacted, would affect these provisions.

In addition to patents, we rely on trade secrets and proprietary know-how to protect aspects of our technologies and discoveries that are not subject to patent protection. We seek to safeguard these assets through confidentiality agreements with employees, consultants, scientific advisors, clinical investigators, and other third parties, as well as invention assignment agreements that provide us with ownership of certain discoveries and inventions.

We also pursue trademark protection in the United States and selected foreign jurisdictions where appropriate. We hold trademark registrations for Xencor and XmAb in the United States, Australia, Canada, the European Union, the United Kingdom, and Japan, and for Proteins by Design in the United States, Australia, Canada, the European Union, and the United Kingdom.

J. Third-Party Vendors and Suppliers

Our internal research activities are primarily focused on early-stage research and preclinical studies. We rely on third-party vendors, suppliers, and contractors for the majority of our research, development, manufacturing, and clinical activities. We are able to internally manufacture limited quantities of product candidates for short-duration preclinical animal studies, which we believe allows us to accelerate certain aspects of development. For all other manufacturing needs, we rely on third-party manufacturers operating in compliance with current good manufacturing practices (cGMPs).

We use third-party manufacturers for all of our antibody drug candidates, including XmAb819, XmAb541, XmAb808, plamotamab, XmAb942, XmAb657 and XmAb412. Additional contract manufacturers perform fill, finish, labeling, packaging, and distribution of investigational drug products. This outsourced manufacturing strategy allows us to maintain operational flexibility while focusing internal resources on product discovery and development. We do not have long-term manufacturing commitments in place and expect to continue to rely on third-party manufacturers for clinical and commercial supply, as well as for process development.

Master Services Agreement with Alimentiv Inc.

In February 2025, we entered into a master services agreement with Alimentiv Inc. for contract research organizations (“CROs”) services supporting clinical trial management and development (including site selection, study design, site monitoring, management and training, and patient selection). The agreement includes customary termination rights and payment obligations for costs incurred and non-cancellable commitments. Alimentiv conducts clinical study activities for our XmAb942 program.

Master Services Agreement with Kapadi (formerly OncoBay Clinical, Inc.)

In August 2023, we entered into a master services agreement with OncoBay Clinical, Inc., now known as Kapadi, for CROs services supporting clinical trial management and development (including site selection, study design, site monitoring, management and training, and patient selection). The agreement includes customary termination rights and payment obligations for costs incurred and non-cancellable commitments. Kapadi conducts clinical studies for our XmAb541 program.

License Agreement with BIO-TECHNE

In April 2021, we entered into a non-exclusive license agreement with BIO-TECHNE for a recombinant monoclonal antibody reactive with human CLDN6, which is used in our XmAb541 program. The agreement requires an upfront payment, milestone payments upon achievement of development, regulatory, and sales milestones, and royalties of less than 1% on net sales of products derived from the licensed antibody.

Master Services Agreement with WuXi Biologics (Hong Kong) Limited

In February 2021, we entered into a master services agreement with WuXi Biologics (Hong Kong) Limited, under which WuXi and its affiliates provide manufacturing, analytical, and development services in compliance with applicable regulations. The agreement includes customary remedies for non-conforming products and termination rights for breach,

insolvency, or convenience, subject to notice requirements and cancellation fees. WuXi currently manufactures drug substance and drug product for our XmAb808, XmAb657, XmAb942 and XmAb412 programs.

Master Services Agreement with Vetter Pharma International GmbH

In October 2020, we entered into a master services agreement with Vetter Pharma International GmbH for clinical scale-up, analytical method development, formulation development, and manufacturing of drug product for certain bispecific antibody candidates, including vudalimab and XmAb541. Services are governed by separate program-specific agreements. The agreement is for an eight-year term and renews annually, which includes customary termination provisions for breach or technical inability to perform. Vetter Pharma International GmbH currently manufactures drug products for our XmAb819 and XmAb541 programs.

Master Clinical Services Agreement with ICON Clinical Research Limited

In April 2016, as amended in April 2021, we entered into a master clinical services agreement with ICON Clinical Research Limited for clinical trial services, including site selection, study design, monitoring, and trial management. The agreement may be terminated by either party for breach, insolvency, or convenience, subject to notice provisions, and individual projects may be terminated separately. ICON Clinical Research Limited provides clinical services for our Xencor-sponsored oncology trials.

Cell Line Agreements with Selexis SA

In December 2015, we entered into a master services agreement with Selexis SA for the manufacture of proprietary cell lines. Upon completion of a cell line, we have the option to obtain an unrestricted commercial license. These licenses require milestone payments and royalties on net sales of products derived from the cell line, with royalties of less than 1%. Selexis SA has manufactured cell lines for certain of our bispecific antibody candidates, and we currently have rights to obtain commercial licenses for cell lines used in XmAb819 and plamotamab.

Master Services Agreement with PPD Development, L.P.

In June 2015, we entered into a master services agreement with PPD Development, L.P. for clinical trial management and development services (including site selection, study design, site monitoring, management and training, and patient selection). The agreement includes customary termination rights and requires us to pay costs incurred through termination and certain non-cancellable commitments. PPD Development, L.P. conducts clinical studies for our vudalimab program.

Master Service Agreement with KBI Biopharma, Inc.

In July 2014, we entered into a master services agreement with KBI Biopharma, Inc. for process development, clinical scale-up, analytical method development, formulation development, and related drug substance and drug product services for certain antibody candidates, including XmAb541 and plamotamab. Services and payment terms for each program are governed by separate statements of work. The agreement renews annually unless terminated and may be terminated by either party for uncured breach, specified technical issues, or insolvency. Upon termination other than for material breach by KBI Biopharma, Inc., we are required to pay for services performed and wind-down costs.

Master Service Agreement with PAREXEL International, LLC

We entered into a master services agreement with PAREXEL International, LLC in April 2014, as amended from time to time, most recently in April 2025, for CROs services supporting clinical trial management and development (including site selection, study design, site monitoring, management and training, and patient selection). The agreement includes customary termination rights and payment obligations for costs incurred and non-cancellable commitments. PAREXEL conducts clinical studies for our plamotamab program.

K. Regulatory Overview

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

U.S. Government Regulation

We are subject to extensive regulation by the U.S. and other countries. Regulation by government authorities is a significant factor in development, manufacture, distribution and ongoing research activities. All our products in development will require regulatory approval by government agencies prior to commercialization. In particular, drugs and biologic products are subject to rigorous preclinical studies and clinical trials and other approval procedures of the FDA and similar regulatory authorities in foreign countries. Generally, our activities in other countries will be subject to regulation that is similar in nature and scope as that imposed in the U.S., although there can be important differences. We, along with our contract manufacturing organizations ("CMOs"), CROs, and third-party vendors, will be required to satisfy these requirements in each of the countries in which we wish to conduct studies or seek approval of our product candidates. The process of obtaining these approvals and the subsequent compliance with appropriate federal and state statutes and regulations require the expenditure of substantial time and financial resources. Various federal and state statutes and regulations also govern or influence testing, manufacturing, safety, labeling, storage, tracking, tracing and record-keeping of drugs and biologic products and their marketing.

U.S. Drug Development Process

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

1. completion of preclinical laboratory tests, animal studies, and formulation studies performed in accordance with applicable regulations, including the FDA's current Good Laboratory Practices (GLP) regulations;
2. submission to and acceptance by the FDA of an Investigational New Drug (IND) application which must become effective before human clinical trials in the United States may begin and must be updated annually;
3. approval by an independent institutional review board (IRB) or ethics committee representing each clinical site before each clinical trial may be initiated;
4. performance of adequate and well-controlled human clinical trials in accordance with the FDA's current Good Clinical Practices (GCP) regulations to establish the safety and efficacy of the product candidate for its proposed indication;
5. submission to and acceptance by the FDA of a BLA;
6. manufacture of the drug substance and drug product in accordance with the FDA's current Good Manufacturing Practice (cGMP) requirements, along with required analytical and stability testing;
7. preparation of and submission to the FDA of a BLA requesting marketing approval for one or more proposed indications, that includes sufficient evidence to establish the safety, purity, and potency of the proposed biologic product for its intended indication, including from results of nonclinical testing and clinical trials and detailed information on the chemistry, manufacturing and quality controls for the product candidate and proposed labeling;
8. a determination by the FDA within 60 days of its receipt of a BLA to file the application for review;
9. satisfactory completion of one or more pre-approval or pre-license inspections by FDA (if the FDA deems it as a requirement) of the manufacturing facility or facilities where the product is produced to assess compliance with the FDA's cGMP regulations to assure that the facilities, methods, and controls are adequate to preserve the product's identity, strength, quality, and purity;

10. potential audits by the FDA of the nonclinical and clinical trial sites that generated the data in support of the BLA to assure compliance with GLPs and GCPs, as applicable, and the integrity of the data in support of the BLA;
11. potential review of the BLA by an external Advisory Committee to the FDA, whose recommendations are not binding on the FDA;
12. payment of user fees under the Prescription Drug User Fee Act (PDUFA), unless exempted;
13. FDA review and approval of the BLA prior to any commercial marketing or sale; and
14. compliance with any post-approval requirements, including risk evaluation and mitigation strategies (REMS) and post-approval studies required by the FDA.

Before testing any compounds with potential therapeutic value in humans, the product candidate enters the preclinical testing stage. Preclinical tests include laboratory evaluations of product chemistry, stability, and formulation, as well as animal studies to assess the potential toxicity and activity of the product candidate. The conduct of preclinical studies is subject to federal and state regulation and requirements, including GLP requirements for safety/toxicology studies. The results of the preclinical studies, together with manufacturing information and analytical data, must be submitted to the FDA as part of an IND. An IND is a request for authorization from the FDA to administer an investigational biological product to humans in clinical trials in the U.S. The central focus of an IND submission is on the general investigational plan, the protocol(s) for human trials and the safety of trial participants. The IND also includes results of animal and in vitro studies assessing the toxicology, pharmacokinetics, pharmacology, and pharmacodynamic characteristics of the product; chemistry, manufacturing and controls information; and any available human data or literature to support the use of the investigational product. An IND must become effective before human clinical trials may begin. An IND will automatically become effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions related to the proposed clinical trials. In such a case, the IND may be placed on a full clinical hold or partial clinical hold. Under a full clinical hold, the IND sponsor must resolve any outstanding concerns before the clinical trial can begin. Under a partial clinical hold, there may be a delay or suspension of only part of the clinical work requested under the IND. Accordingly, submission of an IND may or may not result in the FDA allowing clinical trials to commence.

At any time during the initial 30-day IND review period or while clinical trials are ongoing under the IND, the FDA may impose a partial or complete clinical hold. Clinical holds may be imposed by the FDA when there is concern for patient safety and may be a result of new data, findings, or developments in clinical, nonclinical, and/or chemistry, manufacturing and controls or where there is non-compliance with regulatory requirements. A clinical hold would delay either a proposed clinical trial or cause suspension of an ongoing trial, until all outstanding concerns have been adequately addressed and the FDA has notified the company that investigations may proceed. A separate submission to an existing IND must also be made for each successive clinical trial to be conducted, and the FDA must grant permission, either explicitly or implicitly by not objecting, before each clinical trial can begin. Accordingly, we cannot be sure that submission of an IND will result in the FDA allowing clinical trials to begin, or that, once begun, issues will not arise that could cause the trial to be suspended or terminated.

Clinical trials involve the administration of the product candidate to human patients under the supervision of qualified investigators, generally physicians not employed by or under the clinical trial sponsor's control, in accordance with GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor subject safety and effectiveness. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND before a trial commences. Additionally, approval must also be obtained from each clinical trial site's Institutional Review Board (IRB), before the trials may be initiated and the IRB must monitor the trial until completed. The IRB is charged with protecting the welfare and rights of trial participants and will consider, among other things, clinical trial design, patient informed consent, ethical factors, the safety of human subjects and the possible liability of the institution. The FDA or responsible IRB may place a trial on hold at any time related to perceived risks to patient safety. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data and safety monitoring board or committee. This group provides authorization for whether or not a trial may move forward at designated check points based on access to certain data from the trial. We may also suspend or terminate a clinical trial based on evolving business objectives or competitive climate.

A sponsor may choose, but is not required, to conduct a foreign clinical trial under an IND. When a foreign clinical trial is conducted under an IND, all FDA IND requirements must be met unless waived. When the foreign clinical trial is not conducted under an IND, the sponsor must ensure that the study is conducted in accordance with GCP, including

review and approval by an independent ethics committee (IEC) and informed consent from subjects. The GCP requirements are intended to help ensure the protection of human subjects enrolled in non-IND foreign clinical trials, as well as the quality and integrity of the resulting data. FDA must also be able to validate the data from the study through an on-site inspection if necessary.

There are also requirements governing the reporting of ongoing clinical trials and clinical trial results to public registries, including on ClinicaTtrials.gov. A sponsor of an investigational biological product for a serious disease or condition is required to make available, such as by posting on its website, its policy on evaluating and responding to requests for individual patient access to such investigational biological product. This requirement applies on the earlier of the first initiation of a Phase 2 or Phase 3 trial of the investigational biological product or, as applicable, 15 days after the biological product receives a designation as a breakthrough therapy or fast track product.

Clinical trials are generally conducted in sequential phases, known as Phase 1, Phase 2 and Phase 3, and may overlap:

1. *Phase 1*. The product candidate is initially introduced into a limited population of healthy human subjects, or in some cases, patients with the disease for which the drug candidate is intended, and tested for safety, dosage tolerance, absorption, metabolism, distribution, and excretion. In the case of some products for some diseases, or when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients with the disease or condition for which the product candidate is intended to gain an early indication of its effectiveness.

2. *Phase 2*. The product candidate is evaluated in a limited, disease-affected patient population (but larger than in Phase 1) to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted indications, and to assess dosage tolerance, optimal dosage, and dosing schedule.

3. *Phase 3*. Clinical trials are undertaken to further evaluate dosage and provide substantial evidence of clinical efficacy and safety in an expanded patient population at geographically dispersed clinical trial sites. Phase 3 clinical trials are intended to establish the overall risk/benefit ratio of the product and provide an adequate basis for product labeling. Frequently, two adequate and well-controlled Phase 3 clinical trials are required by the FDA for approval of a BLA.

4. *Post Approval.* Clinical trials or other post-approval commitments may be conducted after initial marketing approval. These studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication and may be required by the FDA as a condition of approval. Such post-approval trials are sometimes referred to as Phase 4 clinical trials. In the case of drugs approved under Accelerated Approval, post-approval trials are intended to confirm clinical benefit seen with a surrogate endpoint using a long-term clinical outcome endpoint. Failure to exhibit due diligence with regard to conducting such Phase 4 clinical trials could result in withdrawal of approval for products or other consequences.

Progress reports detailing the results of the clinical trials, among other information, must be submitted at least annually to the FDA; written IND safety reports must be submitted to the FDA and the investigators for Serious and Unexpected Suspected Adverse Reactions, findings from other studies suggesting a significant risk to humans exposed to the drug, findings from animal or in vitro testing that suggest a significant risk for human subjects and any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, if at all. The FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the biologic and finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. Additionally, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

U.S. Review and Approval Processes

The results of product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests, proposed labeling, and other relevant information are submitted to the FDA in the form of a BLA requesting approval to market the product for one or more specified indications. Data can come from company-sponsored clinical trials intended to test the safety and effectiveness of a use of a product, or from a number of

alternative sources, including trials initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and effectiveness of the investigational product to the satisfaction of the FDA. Under federal law, the submission of most BLAs is subject to an application user fee, and the sponsor of an approved BLA is also subject to an annual program fee for each approved biological product on the market. Applications for orphan drug products are exempted from the BLA application fee and may be exempted from program fees, unless the application includes an indication for other than a rare disease or condition. The standard time for the FDA to accept a BLA submission is two months. The FDA may request additional information rather than accept an application for filing.

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

Once accepted, the FDA reviews the BLA to determine, among other things, whether the proposed product is safe and effective for its intended use, and whether the product is being manufactured in accordance with cGMP to assure and preserve the product's identity, strength, quality, and purity, and it may inspect the manufacturing facilities to assure cGMP compliance and one or more clinical sites used during the clinical trials to assure GCP compliance. Material changes in manufacturing equipment, location, or process post-approval may result in additional regulatory review and approval. The standard FDA review process is 10 months once a BLA is accepted for review, but it can take longer. During the review process, the FDA also will determine whether a risk evaluation and mitigation strategy (REMS) is necessary to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the BLA must submit a proposed REMS prior to approval. A REMS can substantially increase the costs of obtaining approval. In addition, under the Pediatric Research Equity Act, a BLA or supplement to a BLA must contain data that are adequate to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations, and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may, on its own initiative or at the request of the applicant, grant deferrals for submission of some or all pediatric data until after approval of the product for use in adults, or full or partial waivers from the pediatric data requirements. The FDA conducts its own analysis of the clinical trial data, which could result in extensive discussions between the FDA and us during the review process. The review and evaluation of a BLA by the FDA is extensive and time-consuming and may take longer than originally planned to complete, and we may not receive a timely approval, if at all.

The FDA is required to refer an application for a novel biological product to an advisory committee or explain why such referral was not made. An advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

The FDA will issue a Complete Response Letter (CRL) describing deficiencies in the BLA and recommend actions if the agency decides not to approve the BLA. A CRL indicates that the review cycle of the application is complete and the application will not be approved in its present form. A CRL describes all deficiencies in the BLA identified by the FDA. The applicant will have to address all of the deficiencies which could take substantial time and resources to address, including development of additional clinical data or an additional Phase 3 clinical trial(s), or other requirements related to nonclinical studies or manufacturing. Even if such additional information is submitted, the FDA may ultimately decide that the BLA does not satisfy the criteria for approval and issue a denial. If a CRL is issued, the applicant may either resubmit the BLA, addressing all of the deficiencies identified in the letter, withdraw the application, or engage in a dispute resolution proceeding or request a hearing. Even if additional data and information is submitted, the FDA may ultimately decide that the BLA does not satisfy the criteria for approval. Data obtained from clinical trials are not always conclusive, and the FDA may interpret data differently than we interpret the same data.

If the product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages, or the indications for use may otherwise be limited and may require that certain contraindications, warnings, or precautions be included in the product labeling, which could restrict the commercial value of the product. In addition, the FDA may require development of adequate controls and specifications, or a commitment or requirement to conduct post marketing studies to further assess drug safety and effectiveness and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized. The FDA may also place other conditions on approvals including the requirement for a REMS, to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the BLA must submit a proposed REMS. The FDA will not approve the BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans, or elements to assure safe use (ETASU), such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or based on the results of post-market studies or surveillance programs. Additionally, post-approval, many types of changes to the approved product, such as adding new indications, changing manufacturing processes and adding labeling claims, are subject to further testing

requirements and FDA review and approval. Such post-approval requirements can be costly and time-consuming and can affect the potential market and profitability of the product.

Orphan Drug Designation

Under the Orphan Drug Act, the FDA may grant orphan designation to a drug or biological product intended to treat a rare disease or condition, which is generally a disease or condition that affects fewer than 200,000 individuals in the U.S., or more than 200,000 individuals in the U.S. and for which there is no reasonable expectation that the cost of developing and making a drug or biological product available in the U.S. for this type of disease or condition will be recovered from sales of the product. Orphan product designation must be requested before submitting a BLA. After the FDA grants orphan product designation, the identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. Orphan product designation does not convey any advantage in or shorten the duration of the regulatory review and approval process.

Orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages and user-fee waivers. Additionally, if a product that has orphan designation subsequently receives the first FDA approval for the disease or condition for which it has such designation, the product is entitled to orphan product exclusivity, which means that the FDA may not approve any other applications to market the same drug or biological product for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan exclusivity.

The period of exclusivity begins on the date that the marketing application is approved by the FDA and applies only to the indication for which the product has been designated. The FDA may approve a second application for the same product for a different use or a second application for a clinically superior version of the product for the same use. The FDA cannot, however, approve the same product made by another manufacturer for the same indication during the market exclusivity period unless it has the consent of the sponsor, or the sponsor is unable to provide sufficient quantities. If a drug or biological product designated as an orphan product receives marketing approval for an indication broader than what is designated, it may not be entitled to orphan product exclusivity. Orphan drug status in the European Union has similar, but not identical, benefits.

The FDA has historically taken the position that the scope of orphan exclusivity aligns with the approved indication or use of a product, rather than the disease or condition for which the product received orphan designation. However, in Catalyst Pharms., Inc. v. Becerra, 14 F.4th 1299 (11th Cir. 2021), the court disagreed with this position, holding that orphan-drug exclusivity blocked the FDA's approval of the same drug for all uses or indications within the same orphan-designated disease. On January 24, 2023, the FDA published a notice in the Federal Register to clarify that the FDA intends to continue to apply its longstanding interpretation of the regulations to all matters outside of the scope of the Catalyst order and will continue tying the scope of orphan-drug exclusivity to the uses or indications for which a drug is approved. It is unclear how future litigation, legislation, agency decisions, and administrative actions will impact the scope of orphan drug exclusivity.

Expedited Review Programs

The FDA offers a number of expedited development and review programs for qualifying product candidates. New biological products are eligible for fast track designation if they are intended to treat a serious or life-threatening disease or condition and demonstrate the potential to address unmet medical needs for the disease or condition. Fast track designation applies to the combination of the product and the specific indication for which it is being studied. The sponsor of a new biologic may request that the FDA designate the biologic as a fast track product at any time during the clinical development of the product. The sponsor of a fast track product has opportunities for more frequent interactions with the applicable FDA review team during product development and, once a BLA is submitted, the product candidate may be eligible for priority review. A fast track product may also be eligible for rolling review, where the FDA may consider for review sections of the BLA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the BLA, the FDA agrees to accept sections of the BLA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the BLA.

A product candidate intended to treat a serious or life-threatening disease or condition may also be eligible for breakthrough therapy designation to expedite its development and review. A product candidate can receive breakthrough therapy designation if preliminary clinical evidence indicates that the product candidate, alone or in combination with one or more other drugs or biologics, may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The designation includes all of the fast track program features, as well as more intensive FDA interaction and guidance beginning as early as Phase 1 and an organizational commitment to expedite the development and review of the product candidate, including involvement of senior managers.

Any marketing application for a biologic submitted to the FDA for approval, including a product candidate with a fast track designation and/or breakthrough therapy designation, may be eligible for other types of FDA programs intended to expedite development and review, such as priority review. An application for a biological product will receive priority review designation if it is for a biological product that treats a serious condition and, if approved, would provide a significant improvement in safety or effectiveness. The FDA will attempt to direct additional resources to the evaluation of an application for a new biological product designated for priority review in an effort to facilitate the review. For original BLAs, priority review designation means the FDA's goal is to take action on the marketing application within six months of the 60-day filing date (as compared to ten months under standard review).

Fast track designation, breakthrough therapy designation, and priority review do not change the standards for approval but may expedite the development or approval process. Even if a product candidate qualifies for one or more of these programs, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened.

Accelerated Approval

Product candidates studied for their safety and effectiveness in treating serious conditions may receive accelerated approval upon a determination that the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity or prevalence of the condition and the availability or lack of alternative treatments. As a condition of accelerated approval, the FDA will generally require the sponsor to perform adequate and well-controlled post-marketing clinical studies to verify and describe the anticipated effect on irreversible morbidity or mortality or other clinical benefit. Under the Food and Drug Omnibus Reform Act of 2022 (FDORA), the FDA may require, as appropriate, that such trials be underway prior to approval or within a specific time period after the date of approval for a product granted accelerated approval. Under FDORA, the FDA has increased authority for expedited procedures to withdraw approval of a biologic or indication approved under accelerated approval if, for example, the sponsor fails to conduct the required post-marketing studies or if such studies fail to verify the predicted clinical benefit. In addition, for products being considered for accelerated approval, the FDA generally requires, unless otherwise informed by the FDA, that all advertising and promotional materials intended for dissemination or publication within 120 days of marketing approval be submitted to FDA for review during the pre-approval period. After 120 days following marketing approval, unless otherwise informed by the FDA, advertising and promotional materials must be submitted at least 30 days prior to the intended time of initial dissemination or publication.

Post-Approval Requirements

Any biologic products for which we or our collaborators receive FDA approvals are subject to comprehensive and to continuing regulation by the FDA, including, among other things, cGMP compliance for product manufacture, record-keeping requirements, periodic reporting, reporting of adverse experiences with the product, providing the FDA with updated safety and efficacy information, product sampling and distribution requirements, tracking and tracing requirements, complying with certain electronic records and signature requirements, and complying with FDA promotion and advertising requirements, which include, among others, restrictions on direct-to-consumer advertising, promoting biologics for uses or in patient populations that are not described in the product's approved labeling (known as "off-label use"), industry-sponsored scientific and educational activities, and promotional activities involving the internet. Although physicians may prescribe legally available drugs and biologics for off-label uses, manufacturers may not market or promote such off-label uses. After approval, most changes to the approved product, such as adding new dosage forms, indications or other labeling claims, are subject to prior FDA review and approval.

Biological product manufacturers are required to register their establishments with the FDA and certain state agencies and are subject to periodic unannounced inspections for compliance with cGMPs. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. Manufacturers and manufacturers' facilities are also required to comply with applicable product tracking and tracing requirements and notify the FDA of counterfeit, diverted, stolen and intentionally adulterated products or products that are otherwise unfit for distribution in the U.S. Manufacturers are also subject to record requests from the FDA that demonstrate cGMP compliance through data and other information. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

Until we establish our own cGMP manufacturing facility, we expect to continue to rely on third parties for the production of clinical quantities of our product candidates, and expect to rely in the future on third parties for the production of commercial quantities. Future FDA and state inspections may identify compliance issues at our facilities or at

the facilities of our contract manufacturers that may disrupt production, or distribution, or may require substantial resources to correct. In addition, discovery of previously unknown problems with a product or the failure to comply with applicable requirements may result in restrictions on a product, manufacturer or holder of an approved BLA, including withdrawal or recall of the product from the market or other voluntary, FDA-initiated or judicial action that could delay or prohibit further marketing.

Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution restrictions or other restrictions under a REMS program. FDA has authority to require post-market studies, in certain circumstances, on reduced effectiveness of a biological product and FDA may require labeling changes related to new reduced effectiveness information.

Failure to comply with FDA requirements can subject a manufacturer to possible legal or regulatory action, such as product recalls, untitled or warning letters, restrictions on the marketing or manufacturing of the product, issuance of safety alerts/ Dear Healthcare Provider letters / press releases / or other communications containing warnings or other safety information about the product, suspension of manufacturing, imposition of clinical holds on ongoing clinical trials, refusal of FDA to approve pending BLAs or supplements to approved BLAs, product seizure or detention, refusal to permit import or export of product, injunctive action, mandated corrective advertising or communications with healthcare professionals, fines, possible civil or criminal penalties, consent decrees, corporate integrity agreements, debarment, or exclusion from federal healthcare programs, total or partial suspension of production, denial or withdrawal of product approvals or refusal to allow a firm to enter into supply contracts, including government contracts, or other negative consequences, including adverse publicity. In addition, even if a firm complies with FDA and other requirements, new information regarding the safety or efficacy of a product could lead the FDA to modify or withdraw product approval. Prohibitions or restrictions on sales or withdrawal of future products marketed by us could materially affect our business in an adverse way.

Changes in regulations, statutes or the interpretation of existing regulations could impact our business in the future by requiring, for example: (i) changes to our manufacturing arrangements; (ii) additions or modifications to product labeling; (iii) the recall or discontinuation of our products; or (iv) additional record-keeping requirements. If any such changes were to be imposed, they could adversely affect the operation of our business.

U.S. Patent Term Restoration and Marketing Exclusivity

Depending upon the timing, duration and specifics of the FDA approval of any of our biologic product candidates, we may apply for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years for one patent per product as compensation for patent term lost during product development and the FDA regulatory review process of that product. The U.S. Patent and Trademark Office, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration.

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

Pharmaceutical Coverage, Pricing and Reimbursement

In the United States, patients who are prescribed treatments for their conditions and providers performing the prescribed services generally rely on third-party payors to reimburse all or part of the associated healthcare costs. Patients are unlikely to use any product candidates we may develop unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of such product candidates. Even if any product candidates we may develop are approved, sales of such product candidates will depend, in part, on the extent to which third-party payors, including government health programs in the United States such as Medicare and Medicaid, commercial health insurers, and managed care organizations, provide coverage and establish adequate reimbursement levels for such product candidates. The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the product once coverage is approved. Third-party payors are increasingly challenging the prices charged, examining the medical necessity, and reviewing the cost-effectiveness of medical products and services and imposing controls to manage costs. Third-party payors may limit

coverage to specific products on an approved list, also known as a formulary, which might not include all of the approved products for a particular indication.

In order to secure coverage and reimbursement for any drug product candidate that might be approved for sale, we may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of the drug product candidate, in addition to the costs required to obtain FDA or other comparable regulatory approvals. Whether or not we conduct such studies, product candidates may not be considered medically necessary or cost-effective. A decision by a third-party payor not to cover any product candidates we develop could reduce physician utilization of such product candidates once approved and have a material adverse effect on our sales, results of operations and financial condition. Additionally, a payor's decision to provide coverage for a product does not imply that an adequate reimbursement rate will be approved. Further, one payor's determination to provide coverage for a product does not assure that other payors will also provide coverage and reimbursement for the product, and the level of coverage and reimbursement can differ significantly from payor to payor.

The containment of healthcare costs also has become a priority of federal and state governments, and the prices of pharmaceuticals have been a focus in this effort. The U.S. government and state legislatures have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement, and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit a company's revenue generated from the sale of any approved products. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which a company or its collaborators receive marketing approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Pricing and rebate programs must comply with the Medicaid Drug Rebate Program requirements of the Omnibus Budget Reconciliation Act of 1990, as amended, and the Veterans Health Care Act of 1992, as amended. If products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the MMA) established the Medicare Part D program to provide a voluntary prescription drug benefit to Medicare beneficiaries. Under Part D, Medicare beneficiaries may enroll in prescription drug plans offered by private entities which will provide coverage of outpatient prescription drugs. Unlike Medicare Part A and B, Part D coverage is not standardized. Part D prescription drug plan sponsors are not required to pay for all covered Part D drugs, and each drug plan can develop its own drug formulary that identifies which drugs it will cover and at what tier or level. However, Part D prescription drug formularies must include drugs within each therapeutic category and class of covered Part D drugs, though not necessarily all the drugs in each category or class. Any formulary used by a Part D prescription drug plan must be developed and reviewed by a pharmacy and therapeutic committee. Government payment for some of the costs of prescription drugs may increase demand for products for which we receive regulatory approval. However, any negotiated prices for our products covered by a Part D prescription drug plan will likely be lower than the prices we might otherwise obtain through non-government payors. Moreover, while the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own payment rates. Any reduction in payment that results from the MMA may result in a similar reduction in payments from non-government payors.

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

Healthcare Reform

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

Anti-Kickback, False Claims, and Other Healthcare Laws and Compliance Requirements

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

Inspector General), the U.S. Department of Justice, the Federal Trade Commission, the Drug Enforcement Administration, the Consumer Product Safety Commission, the Environmental Protection Agency, the Occupational Safety and Health Administration, state Attorneys General, and other state and local government agencies.

Healthcare providers, physicians, and third-party payors will play a primary role in the recommendation and prescription of drug products for which we obtain marketing approval. Arrangements with third-party payors, healthcare providers and physicians, as well as patients and other third parties, in connection with the clinical research, sales, marketing and promotion of products, once approved, and related activities, may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations. In the U.S., these laws include, without limitation, state and federal anti-kickback, false claims, physicians' sunshine (e.g., transparency), price reporting, consumer protection, and patient data privacy, data breach notification and security laws and regulations.

For example, the federal Anti-Kickback Statute makes it illegal for any person, including a biopharmaceutical company, or a party acting on its behalf, to knowingly and willfully solicit, receive, offer or pay any remuneration that is intended to induce the referral of business, including the purchase, order or prescription of a particular drug, or other good or service for which payment in whole or in part may be made under a federal healthcare program, such as Medicare or Medicaid. Violations of this law are punishable by up to ten years in prison, criminal fines, administrative civil money penalties and exclusion from participation in federal healthcare programs. While this Statute has a number of exceptions and regulatory safe harbors that safeguard certain common, industry practices from prosecution, these exceptions and safe harbors are narrowly defined, and parties must satisfy all elements of an available exception or safe harbor to avoid scrutiny. Further, a person or entity does not need to have actual knowledge of these statutes or specific intent to violate them to have committed a violation.

Many states have adopted laws similar to the federal Anti-Kickback Statute. Some of these state prohibitions apply to the referral of patients for healthcare services reimbursed by any insurer, not just federal healthcare programs such as Medicare and Medicaid. Due to the breadth of these federal and state anti-kickback laws, the evolving guidance in the form of regulations or court decisions and the potential for additional legal or regulatory change in this area, it is possible that our future sales and marketing practices or our future relationships with medical professionals might be challenged under federal and state anti-kickback laws.

Additionally, the federal False Claims Act prohibits anyone from knowingly presenting, or causing to be presented, for payment to federal programs (including Medicare and Medicaid) claims for items or services, including drugs, that are false or fraudulent, claims for items or services not provided as claimed or claims for medically unnecessary items or services. Although we would not submit claims directly to payors, biopharmaceutical companies can be held liable under these laws if they are deemed to "cause" the submission of false or fraudulent claims by, for example, providing inaccurate billing or coding information or promoting a product off-label. Penalties for a federal False Claims Act violation include civil penalties for each separate false claim and the potential for exclusion from participation in federal healthcare programs. Although the federal False Claims Act is a civil statute, conduct that results in a federal False Claims Act violation may also implicate various federal criminal statutes, such as the federal Anti-Kickback Statute described above. In addition, private individuals have the ability to bring actions under the federal False Claims Act and certain states have enacted laws modeled after the federal False Claims Act. The federal government has and continues to use the False Claims Act, and the accompanying threat of significant liability, in its investigation and prosecution of pharmaceutical and biotechnology companies in connection with the potential or actual false claims resulting from promotion of products for unapproved uses or other sales and marketing practices. The government has obtained multi-billion dollar settlements under the False Claims Act and individual criminal convictions under applicable criminal statutes. We expect that the government will continue to devote substantial resources to investigating potential or actual violations of the False Claims Act.

The federal Physician Payments Sunshine Act (generally referred to as the Open Payments™ Program) is a provision under the Patient Protection and Affordable Care Act (ACA). The Open Payments Program imposes reporting requirements on covered entities (e.g., drug manufacturers) for payments made or transfers of value provided by them to certain healthcare organizations (e.g., teaching hospitals) and physicians, which is broadly defined to include doctors, dentists, optometrists, podiatrists and chiropractors, and certain non-physician practitioners (e.g., physician assistants, nurse practitioners, clinical nurse specialists, anesthesiologist assistants, certified registered nurse anesthetists, anesthesiology assistants and certified nurse midwives). Covered entities are also required to report ownership and investment interests held by physicians and their immediate family members (as it relates to the Covered entities). This information is then analyzed and made public, available via searchable databases. Failure to submit required information may result in significant civil monetary penalties for any payments, transfers of value, or ownership or investment interests that are not timely, accurately and completely reported in an annual submission. Similarly, certain states also mandate the tracking and reporting of gifts, compensation and other remuneration to physicians. Some of these states also require the implementation of commercial compliance programs and impose restrictions on drug manufacturer marketing practices.

The federal criminal statute on false statements makes it a crime to knowingly and willfully (in connection with the delivery of or payment for health care benefits, items, or services): (i) falsify, conceal, or cover up any material fact, (ii) make any materially false, fictitious, or fraudulent statements or representations, or (iii) make or use any materially false writing or document while knowing such writings or documents contain materially false, fictitious, or fraudulent statements.

The federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) prohibits, among other things, knowingly and willfully executing a scheme to defraud any healthcare benefit program. HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act (HITECH) and their implementing regulations, also imposes requirements relating to the privacy, security and transmission of protected health information on HIPAA covered entities, which include certain healthcare providers, health plans and healthcare clearinghouses, and their business associates who conduct certain activities for or on their behalf involving protected health information on their behalf. Entities that are found to be in violation of HIPAA as the result of a breach of unsecured protected health information, a complaint about privacy practices or an audit by Health and Human Services may be subject to significant civil, criminal and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. Further, entities that knowingly receive individually identifiable health information from a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA may be subject to criminal penalties. In addition, certain state laws govern the privacy and security of health information in certain circumstances, some of which are more stringent than HIPAA and many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

The failure to comply with these laws and regulatory requirements subjects companies to possible legal or regulatory action. As discussed above, depending on the circumstances, failure to meet applicable laws and regulatory requirements can result in criminal prosecution, fines or other penalties or damages, disgorgement, reputational harm, diminished profits or future earnings, exclusion of products from government-funded healthcare programs, such as Medicare or Medicaid, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our financial results. Ensuring business arrangements comply with applicable laws, as well as responding to possible investigations by government authorities can be time- and resource-consuming, and can divert a company’s attention from the business.

Europe / Rest of World Government Regulation

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

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

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

L. Corporate Information

We were incorporated in California in August 1997 under the name Xencor. In September 2004, we reincorporated in the state of Delaware under the name Xencor, Inc. Our principal offices are located at 465 North Halstead Street, Suite 200, Pasadena, CA 91107, and our telephone number is (626) 305-5900. Our website address is www.xencor.com.

The information contained on, or accessible through, our website is not incorporated by reference into, and does not form a part of, this Annual Report on Form 10-K. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) and 15(d) of the Securities Exchange Act of 1934 are available free of charge on the Investor Relations portion of our website as soon as reasonably practical after we electronically file such material with, or furnish it to, the Securities and Exchange

Commission (SEC). The SEC maintains an internet website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors

Summary of Risk Factors

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

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

1. **Risks related to our unique and specific business operations as a small biotechnology company.** These risks include:
    - Our success depends on our ability to use and expand our XmAb technology platform to build a pipeline of product candidates and develop marketable products. We cannot be certain our candidates will receive regulatory approval or be successfully commercialized.
    - The clinical development stage of our operations may make it difficult for you to evaluate the success of our business to date and to assess our future viability.
    - Preliminary, interim, and topline data from our clinical trials that we announce or publish may change as more patient data become available that could result in material changes in the final data.
    - Our business and results of operations could be adversely impacted by inflation.
2. **Risks related to our financial position, capital requirements and ownership of our common stock.** These risks include:
    - We have incurred significant losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future.
    - Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of uncertainty. We may never be profitable.
    - We will require additional financing and may be unable to raise sufficient capital, which could lead us to delay, reduce or abandon research and development programs or commercialization.
    - The market price of our common stock is likely to be highly volatile, and you could lose all or part of your investment.
    - Our principal stockholders, directors and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.
    - Raising additional funds through debt or equity financing may be dilutive and raising funds through licensing may require us to relinquish rights to our technology or product candidates.
    - Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to fall.
    - If we identify material weaknesses in our internal control over financial reporting in the future or otherwise fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately or timely report our financial condition or results of operations, investors may lose confidence in the accuracy and completeness of our financial reports and the trading price of our common stock may decline.
3. **Risks related to our intellectual property.** These risks include:
    - If we are unable to obtain, maintain and enforce intellectual property protection covering our products and any future products we may develop, others may be able to make, use or sell products substantially the same as ours, which could adversely affect our ability to compete in the market.
    - We have in-licensed, and may in the future in-license, a portion of our intellectual property, and, if we fail to comply with our obligations under these arrangements, we could lose such intellectual property rights or owe damages to the licensor of such intellectual property.
    - We may be required to reduce the scope of our intellectual property due to third-party intellectual property claims.

- Others may allege that our products infringe their patents and other property rights, which may result in costly litigation and, if we are not successful, could cause us to pay substantial damages or limit our ability to commercialize our products, which could have a material adverse effect on our business.
- If we are not able to prevent disclosure of our trade secrets and other proprietary information, the value of our technology and products could be significantly diminished.
- If we do not obtain patent term extension and data exclusivity for any therapeutic candidates we develop, our business may be materially harmed.

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

- Our patent protection and prosecution for some of our product candidates is dependent on third parties.
- We rely on third-party manufacturers to manufacture our product candidates and provide supplies for our studies. If any of our third-party manufacturers encounter problems or loss of drug material during production or otherwise fail to comply with their contractual obligations, the development of our product candidates could be delayed or stopped.
- Our existing partnerships are important to our business, and future partnerships may also be important to us. If we are unable to maintain any of these partnerships, or if these partnerships are not successful, our business could be adversely affected.
- We rely upon third-party contractors, and service providers for the execution of most aspects of our development programs. Failure of these collaborators to provide services of a suitable quality and within acceptable timeframes may cause the delay or failure of our development programs.

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

- Clinical trials are expensive and take years to conduct, the outcome of such clinical trials is uncertain and results of earlier studies and trials may not be predictive of future trial results. Clinical trials may fail to prove our product candidates are safe and effective.
- Adverse side effects or other safety risks associated with our product candidates could delay or preclude approval, cause us to suspend or discontinue clinical trials and abandon product candidates.
- If we experience delays or difficulties in the enrollment of patients in clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented.
- Our industry is subject to competition for skilled personnel and the challenges we face to identify and retain key personnel could impair our ability to effectively conduct and grow our operations.
- The development and commercialization of biologic products is subject to extensive regulation, and we may not obtain regulatory approvals for any of our product candidates.
- We face significant competition from other biotechnology and pharmaceutical companies and our operating results will suffer if we fail to compete effectively.
- Present and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and affect the prices we may obtain.
- Our business involves the controlled use of hazardous materials and as such we are subject to environmental and occupational safety laws. Continued compliance with these laws may incur substantial costs and failure to maintain compliance could result in liability for damages that may exceed our resources.

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

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

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

product or partnership revenues in future periods, which would adversely affect our business, prospects, financial condition and results of operations.

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

Our operations to date have been limited to raising capital, staffing our company, developing our proprietary XmAb technology platform, identifying potential product candidates, conducting preclinical studies and clinical trials, developing partnerships and business planning. We have conducted, or are currently conducting, early phase clinical trials for several product candidates, but have not completed any late stage clinical trials for these or any other product candidate. We have not yet demonstrated our ability to successfully complete any pivotal clinical trials, obtain regulatory approvals, manufacture a commercial scale product, or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful product commercialization. Consequently, any predictions you make about our future success or viability may not be as accurate as they could be if we were further advanced in development of our product candidates.

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

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

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

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

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

Our business and results of operations could be adversely impacted by inflation.

The Company's financial performance is subject to global and US economic conditions. Recent increases in interest rates and inflation, globally, and in the US regions, have led to economic volatility, increased borrowing costs, price increases and risks of recessions. Economic recessions may have adverse consequences across industries, including the biotechnology industry, which may adversely affect the Company's business and financial condition. As a result of the

ongoing actions taken by governments to attempt to slow down rising inflation, there is substantial uncertainty about the strength of the global economies, which may currently or in the near term be in a recession and have experienced rapid increases in uncertainty about the pace of potential recovery. In addition, changes in general market, economic and political conditions in domestic and foreign economies or financial markets, including fluctuation in stock markets resulting from, among other things, trends in the economy and inflation, as are being currently experienced, may adversely impact our cash runway as well as our ability to raise funds.

Our operations are concentrated in one location, and we or the third parties upon whom we depend may be adversely affected by a wildfire and earthquake or other natural disasters and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Our current operations are predominantly located in California. Any unplanned event, such as a flood, wildfire, explosion, earthquake, extreme weather condition, epidemic or pandemic, power outage, telecommunications failure or other natural or man-made accidents or incidents that result in us being unable to fully utilize our facilities may have a material and adverse effect on our ability to operate our business, particularly on a daily basis, and have significant negative consequences on our financial and operating conditions. Any similar impacts of natural or man-made disasters on our third-party CMOs and CROs, could cause delays in our clinical trials and may have a material and adverse effect on our ability to operate our business and have significant negative consequences on our financial and operating conditions. If a natural disaster, power outage or other event occurred that prevented us from using our clinical sites, impacted clinical supply or the conduct of our clinical trials, that damaged critical infrastructure, such as the manufacturing facilities of our third-party CMOs, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we and our CMOs and CROs have in place may prove inadequate in the event of a serious disaster or similar event. In the event of an accident or incident at these facilities, we cannot assure you that the amounts of insurance we currently carry will be sufficient to satisfy any damages and losses. If our facilities, or the manufacturing facilities of our CMOs or CROs, are unable to operate because of an accident or incident or for any other reason, even for a short period of time, any or all of our development programs may be harmed. Any business interruption could adversely affect our business, financial condition, results of operations and prospects.

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

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

We are a clinical-stage biopharmaceutical company. To date, we have financed our operations primarily through equity financings and our research and development licensing agreements and have incurred significant operating losses since our inception in 1997. For the year ended December 31, 2025, we incurred a net loss of $91.9 million and as of December 31, 2025, we had an accumulated deficit of $796.0 million. We expect to incur additional net losses in future years as we execute our plan to continue our discovery, research and development activities, including the ongoing and planned clinical development of our antibody product candidates, and incur the additional costs of operating as a public company. We are unable to predict the extent of any future losses or when we will become profitable, if ever. Even if we do achieve profitability, we may not be able to sustain or increase profitability on an ongoing basis which would adversely affect our business, prospects, financial condition, and results of operations.

Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of uncertainty. We may never be profitable.

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

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

or decide to deprioritize our programs due to changing priorities which could affect our future potential revenue from such arrangements.

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

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

As of December 31, 2025, we had $610.8 million in cash, cash equivalents, and marketable debt securities. We expect our expenses to increase in connection with our ongoing development activities, including the continued development of our pipeline of bispecific antibody drug candidates and other research activities. Identifying potential product candidates and conducting preclinical testing and clinical trials are time-consuming, expensive, and uncertain processes that take years to complete, and we or our partners may never generate the necessary data or results required to obtain regulatory approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success.

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

We believe our existing cash, cash equivalents and marketable securities, together with interest thereon and expected milestones and royalty payments will be sufficient to fund our operations through 2028. However, changing circumstances or inaccurate estimates by us may cause us to use capital significantly faster than we currently anticipate, and we may need to spend more money than currently expected because of circumstances beyond our control. We do not have sufficient cash to complete the clinical development of any of our product candidates and will require additional funding to complete the development activities required for regulatory approval of our current product candidates or any other future product candidates that we develop independently. Because successful development of our product candidates is uncertain, we are unable to estimate the actual funds we will require to complete research and development and commercialize our product candidates. Adequate additional financing may not be available to us on acceptable terms, or at all. In addition, we may seek additional capital due to favorable market conditions or strategic considerations, even if we believe we have sufficient funds for our current or future operating plans. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or any future commercialization efforts.

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

Prior to our initial public offering (IPO), there was no public market for our common stock. The trading price of our common stock is likely to be volatile. Since our IPO, the trading price of our common stock has ranged from a low of approximately $5.75 to a high of approximately $58.35. From January 2, 2025 to December 31, 2025, the trading price of our common stock ranged from a low of $6.92 to a high of $24.66. Our stock price could be subject to wide fluctuations in response to a variety of factors, including the following:

1. adverse results or delays, or cancellations of clinical trials by us or our partners;
2. inability to obtain additional funding;
3. changes in laws or regulations applicable to our products;
4. inability to obtain adequate product supply for our product candidates, or the inability to do so at acceptable prices;
5. adverse regulatory decisions;
6. changes in the structure of healthcare payment systems;
7. introduction of new products or technologies by our competitors;
8. failure to meet or exceed product development or financial projections we provide to the public;
9. the perception of the pharmaceutical and biotechnology industry by the public, legislatures, regulators and the investment community;

10. announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors;
11. disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
12. additions or departures of key scientific or management personnel;
13. significant lawsuits, including patent or stockholder litigation;
14. changes in the market valuations of similar companies;
15. sales of our common stock by us or our stockholders in the future; and
16. trading volume of our common stock.

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

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

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

Based on information available to us as of December 31, 2025 our executive officers, directors, 5% stockholders and their affiliates beneficially owned, as a group, approximately 68.1% of our voting stock. The interests of these stockholders may not be the same as or may even conflict with your interests.

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

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

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

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

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

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

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

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

Pursuant to our 2023 Equity Incentive Plan (2023 Plan), subject to the Board approval, our management is authorized to grant stock options and other equity-based awards to our employees, directors and consultants. As of December 31, 2025, we had outstanding 12,956,592 shares of stock options and 1,981,345 shares of restricted stock units under our equity compensation plans. In addition, we are also authorized to grant equity awards to our employees, directors, and consultants, covering up to 19,878,573 shares of our common stock, pursuant to our equity compensation plans. We plan to register the number of shares available for issuance or subject to outstanding awards under our equity compensation plans.

On February 27, 2023, we filed an automatic universal shelf registration statement on Form S-3 (File No. 333-270030) as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended, which became effective upon filing (the Shelf Registration Statement). The Shelf Registration Statement allows us to offer an indeterminate amount of securities, including equity securities, debt securities, warrants, rights, units and depositary shares, from time to time as described in the Shelf Registration Statement. The specific terms of any offering under the Shelf Registration Statement will be established at the time of such offering. The Shelf Registration Statement will expire on February 27, 2026. We plan to file a new shelf registration statement on Form S-3 with the SEC simultaneously with, or promptly after, the filing of this Annual Report on Form 10-K, which would replace the Shelf Registration Statement.

On February 27, 2023, we entered into a sales agreement (the Sales Agreement) with SVB Securities LLC (the Agent) pursuant to which we may offer and sell, from time to time, through the Agent (the ATM Offering), shares of our common stock having an aggregate offering price of up to $200 million (the ATM Shares). Any ATM Shares offered and sold in the ATM Offering are to be issued pursuant to the Shelf Registration Statement and the 424(b) prospectus supplement relating to the ATM Offering dated February 27, 2023 (the ATM Prospectus). From the date of the ATM Prospectus through December 31, 2025, no shares of our common stock were sold pursuant to the ATM Offering and, as of December 31, 2025, we may sell shares of our common stock for remaining gross proceeds of up to $200.0 million from time to time pursuant to the ATM Prospectus.

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

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

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

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

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

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

The TCJA changed the income tax treatment of research and development expenses which may result in additional federal and state tax liabilities. For tax years beginning after December 31, 2021, research and development costs must be capitalized and amortized over a period of years; this has resulted in additional federal tax expense and liabilities to us in 2022 and 2023.

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

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

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

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

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

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

Our ability to effectively monitor and respond to the rapid and evolving developments and expectations relating to sustainability, including environmental, social and governance matters, may impose unexpected costs or result in reputational or other harm that could have a material adverse effect on our business.

There has been focus from certain investors, employees, regulators and other stakeholders concerning corporate responsibility and sustainability matters, including with regard to environmental, social and governance ("ESG") factors. Some investors and investor groups may use these factors, either positively or negatively, to guide investment strategies and decisions and, in some cases, investors may choose not to invest in us if they believe our policies or practices relating to corporate responsibility and sustainability do not align with their expectations.

A variety of third-party providers of corporate responsibility and sustainability ratings measure the performance of companies on sustainability or ESG topics, and the results of these assessments are widely publicized. Investors, particularly institutional investors, use these ratings to benchmark companies against their peers, and major institutional investors have emphasized the importance of sustainability or ESG measures to their investment decisions. Topics taken into account in such assessments include, among others, companies' efforts and impacts on climate change, human rights, business ethics and compliance, pay equity and inclusion, and the role of companies' board of directors in overseeing various sustainability-related issues. If we are perceived as lagging in taking steps with respect to sustainability or ESG initiatives, certain investors may seek to engage with us on improving our sustainability-related disclosures or performance. They may also make voting decisions or take other actions to hold us and our Board of Directors accountable.

However, a growing number of States in the U.S. have proposed or enacted policies, legislation or initiatives or issued related legal opinions prohibiting reliance on 'ESG' frameworks, scoring methodologies and related factors in business and investment decision-making which may be deemed non-pecuniary in nature. Simultaneously, there has been increasing scrutiny on the legality of corporate diversity, equity and inclusion ("DEI") practices. While we comply with the law, given the breadth and divergence of views, policies, legislation, initiatives and regulation regarding ESG matters, we could be sued, challenged, investigated, penalized or 'boycotted' for our sustainability, including our human capital

management, policies and/or programs, be it for the scope of such initiatives or goals or the perception of not acting in a sufficiently responsible manner in connection with these matters. If we were sued under any of these claims, or were subject to state or federal enforcement action, our financial condition, reputation or business could be adversely impacted. While we remain focused on evaluating financially material considerations in our business, if market participants or investors subject to such legislation viewed our business practices as being in breach of ESG-related federal, state or local policies, legislation or legal opinions, it could increase our compliance costs, impact our reputation and/or negatively affect our operations, financial condition and/or value of our Common Stock.

There have also been evolving developments and changing expectations relating to sustainability matters. As a result, the criteria by which our corporate responsibility and sustainability practices are assessed may change, which could cause us to undertake costly initiatives or actions to satisfy new demands. If we elect not to or are unable to adequately recognize and respond to such developments and changing governmental, societal, investor and/or consumer expectations relating to sustainability matters, we may miss corporate opportunities, become subject to additional scrutiny or incur unexpected costs. We may face risk of litigation or reputational damage in the event that our sustainability policies or practices do not meet the standards set by various constituencies.

We may also face reputational damage if we are unable to achieve an acceptable sustainability rating from third-party rating services. A low sustainability rating by a third-party rating service could also result in the exclusion of our Common Stock from consideration by certain investors who may elect to invest with our competitors instead. Ongoing focus on corporate responsibility and sustainability matters by investors and other stakeholders as described above may impose additional costs or expose us to new risks. Any failure or perceived failure by us in this regard could have a material adverse effect on our reputation and on our business, financial condition or results of operations, including the sustainability of our business over time, and could cause the market value of our Common Stock to decline.

Further, to the extent we consider such factors, any sustainability-related initiatives, considerations or business practices that we may undertake are intended to solely support value preservation and value generation for the company and to improve our long-term financial performance. However, such initiatives may not result in the financial effects we anticipate, and could, in some circumstances, adversely affect our short-term financial results, have financial effects that conflict with the market's or our stockholders' expectations and/or otherwise adversely impact our reputation. Such impacts or effects may not be discernible for a number of years.

If we identify material weaknesses in our internal control over financial reporting in the future or otherwise fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately or timely report our financial condition or results of operations, investors may lose confidence in the accuracy and completeness of our financial reports and the trading price of our common stock may decline.

Pursuant to Section 404 of the Sarbanes-Oxley Act, our management is required to report on, and our independent registered public accounting firm is required to audit, the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to determine the adequacy of our internal control over financial reporting are complex and require significant documentation, testing, and possible remediation if a deficiency is identified. Annually, we perform activities that include reviewing, documenting, and testing our internal control over financial reporting. If we fail to maintain the adequacy of our internal control over financial reporting, we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Any failure to achieve and maintain an effective system of internal control could result in materially misstated consolidated financial statements and a failure to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could result in significant expenses to remediate any internal control deficiency and lead to a decline in the price of our common stock.

Previously, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2023, and our management concluded that our internal control over financial reporting was not effective as of December 31, 2023 due to material weaknesses (a material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis) related to the design of controls related to the review of the accounting treatment of the non-routine transactions and the evaluation of certain tax legislation. These material weaknesses led to the restatement of our audited financial statements for the year ended December 31, 2023 and the unaudited financial statements for the quarterly periods ended March 31, 2024, June 30, 2024 and September 30, 2024. On February 24, 2025, we filed an Annual Report on Form 10-K/A for the year ended December 31, 2023 and Quarterly Reports on Form 10-Q/As for the quarterly periods ended March 31, 2024, June 30, 2024 and September 30, 2024.

We remediated these material weaknesses during the year ended December 31, 2025 and we believe we have improved our internal controls and addressed the root causes of the prior material weaknesses. However, we cannot be

certain that the steps we took will be sufficient to prevent future material weaknesses or control deficiencies from occurring. In addition, we cannot be certain that in the future we will not have material weaknesses in our internal control over financial reporting.

Risks Related to Our Intellectual Property

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

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

1. we may fail to seek patent protection for inventions that are important to our success;
2. our pending patent applications may not result in issued patents;
3. we cannot be certain that we are the first to invent the inventions covered by pending patent applications or that we were the first to file such applications and, if we are not, we may be subject to priority disputes;
4. we may be required to disclaim part or all of the term of certain patents or all of the term of certain patent applications;
5. we may file patent applications but have claims restricted or we may not be able to supply sufficient data to support our claims and, as a result, may not obtain the original claims desired or we may receive restricted claims. Alternatively, it is possible that we may not receive any patent protection from an application;
6. we could inadvertently abandon a patent or patent application, resulting in the loss of protection of certain intellectual property rights in a certain country. We, our collaborators, or our patent counsel may take action resulting in a patent or patent application becoming abandoned which may not be able to be reinstated or if reinstated, may suffer patent term adjustments;
7. the claims of our issued patents or patent applications when issued may not cover our product candidates;
8. no assurance can be given that our patents would be declared by a court to be valid or enforceable or that a competitor’s technology or product would be found by a court to infringe our patents. Our patents or patent applications may be challenged by third parties in patent litigation or in proceedings before the PTO or its foreign counterparts, and may ultimately be declared invalid or unenforceable, or narrowed in scope;
9. there may be prior art of which we are not aware that may affect the validity or enforceability of a patent claim. There also may be prior art of which we are aware, but which we do not believe affects the validity or enforceability of a claim, which may, nonetheless, ultimately be found to affect the validity or enforceability of a claim;
10. third parties may develop products which have the same or similar effect as our products without infringing our patents. Such third parties may also intentionally circumvent our patents by means of alternate designs or processes or file applications or be granted patents that would block or hurt our efforts;

11. there may be dominating patents relevant to our product candidates of which we are not aware;
12. our patent counsel, lawyers or advisors may have given us, or may in the future give us incorrect advice or counsel. Opinions from such patent counsel or lawyers may not be correct or may be based on incomplete facts;
13. obtaining regulatory approval for biopharmaceutical products is a lengthy and complex process, and as a result, any patents covering our product candidates may expire before, or shortly after such product candidates are approved and commercialized;
14. the patent and patent enforcement laws of some foreign jurisdictions do not protect intellectual property rights to the same extent as laws in the United States, and many companies have encountered significant difficulties in protecting and defending such rights in foreign jurisdictions. If we encounter such difficulties or we are otherwise precluded from effectively protecting our intellectual property rights in foreign jurisdictions, our business prospects could be substantially harmed; and
15. we may not develop additional proprietary technologies that are patentable.

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

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

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

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

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

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

Our existing license agreements impose, and we expect that future license agreements will impose, various diligence, milestone payment, royalty and other obligations on us. If there is any conflict, dispute, disagreement or issue of non-performance between us and our licensing partners regarding our rights or obligations under the license agreements, including any such conflict, dispute or disagreement arising from our failure to satisfy payment obligations under any such

agreement, we may owe damages, our licensor may have a right to terminate the affected license, and our and our partners' ability to utilize the affected intellectual property in our drug discovery and development efforts, and our ability to enter into collaboration or marketing agreements for an affected product or therapeutic candidate, may be adversely affected.

We generally also are subject to all of the same risks with respect to protection of intellectual property that we license, as we are for intellectual property that we own, which are described in this "Risk Factors" section. If we or our licensors fail to adequately protect this intellectual property, our business, results of operations and financial condition could be adversely affected.

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

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

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

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

Our commercial success depends upon our ability, and the ability of our collaborators, to develop, manufacture, market and sell our product candidates and use our proprietary technologies without infringing the patents and other proprietary rights of third parties. There is considerable intellectual property litigation in the biotechnology and pharmaceutical industries. For example, we are aware of issued patents owned by Merus B.V. (Merus) that may relate to and claim components of our bispecific antibody product candidates and partnered bispecific product candidates, including plamotamab, vudalimab and XmAb819 will putatively expire in 2033. In August 2024, Merus filed suit against us in the United States District Court of the District of Delaware alleging that we have infringed certain claims of its patents. On October 10, 2024, we filed a motion to dismiss the Merus complaint with prejudice under Rule 12(b)(6), in which we argued that all of the activities accused of infringement are covered by the 35 U.S.C. § 271(e)(1) safe harbor. Merus filed its response to our motion on October 31, 2024, and we replied to Merus' response on November 14, 2024. On September 30, 2025, the Court granted the motion to dismiss Merus' complaint, but permitted Merus to file an amended complaint. On November 11, 2025, Merus filed a first amended complaint, and asserted claims of U.S. Patent Nos. 9,944,695, 9,358,286, 11,926,859, and 12,123,043. On December 16, 2025, we filed a motion to dismiss the first amended complaint on the same grounds previously asserted. Briefing on the motion to dismiss is ongoing, and the Court held a hearing on the motion to dismiss on February 17, 2026. On February 11, 2025, we filed for *inter partes* review of Merus' U.S. Patent Nos. 9,358,286 and 11,926,859 before the U.S. Patent and Trademark Appeal Board seeking a finding that certain claims of those patents are unpatentable. On September 26, 2025, the U.S. Patent and Trademark Appeal Board granted institution of the *inter partes* review. A schedule for the *inter partes* review has been set, and oral argument is scheduled for June 24, 2026. If we are found to infringe the Merus patents, we may be ordered by a court to cease commercializing the applicable product candidates, which could materially harm our business. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed the Merus patents.

In addition, as the biopharmaceutical industry expands and more patents are issued, the risk increases that there may be patents issued to third parties that relate to our products and technology of which we are not aware or that we must challenge to continue our operations as currently contemplated. Our products may infringe or may be alleged to infringe these patents. Because some patent applications in the United States may be maintained in secrecy until the patents are issued, because patent applications in the United States and many foreign jurisdictions are typically not published until

eighteen months after filing and because publications in the scientific literature often lag behind actual discoveries, we cannot be certain that others have not filed patents that may cover our technologies, our product candidates or their use. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our technologies, our products or the use of our products. We may become party to, or threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our products and technology. Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future.

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

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

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

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

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

We may not be able to protect our intellectual property rights throughout the world.

Filing, prosecuting and defending patents on our product candidates in all countries throughout the world would be prohibitively expensive. The requirements for patentability may differ in certain countries, particularly developing countries. For example, China has a heightened requirement for patentability, and specifically requires a detailed description of medical uses of a claimed drug. In addition, the laws of some foreign countries do not protect intellectual

property rights to the same extent as laws in the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection, but enforcement on infringing activities is inadequate. These products may compete with our product candidates, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing. Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biopharmaceuticals, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. In addition, certain countries in Europe and certain developing countries, including India and China, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In those countries, we may have limited remedies if our patents are infringed or if we are compelled to grant a license to our patents to a third party, which could materially diminish the value of those patents. This could limit our potential revenue opportunities. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we own or license. Finally, our ability to protect and enforce our intellectual property rights may be adversely affected by unforeseen changes in foreign intellectual property laws.

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

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

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

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

Risks Related to Our Dependence on Third Parties

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

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

We may also have limited control over the maintenance and prosecution of in-licensed patents and patent applications, activities or any other intellectual property that may be related to our in-licensed intellectual property. For example, such activities by these licensors may not have been or may not be conducted in compliance with applicable laws and regulations or will result in valid and enforceable patents and other intellectual property rights. Our licensors may not successfully prosecute the patent applications to which we are licensed in a manner consistent with the best interests of our business. We have limited control over the manner in which our licensors initiate an infringement proceeding against a third-party infringer of the intellectual property rights, or defend certain of the intellectual property that is licensed to us. It is possible that the licensors' infringement proceeding or defense activities may be less vigorous than had we conducted them ourselves.

We rely on third-party manufacturers to manufacture our product candidates and provide supplies for our studies. If any of our third-party manufacturers encounter problems or loss of drug material during production or otherwise fail to comply with their contractual obligations, the development of our product candidates could be delayed or stopped.

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

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

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

Any replacement of our manufacturers could require significant effort and expertise because there may be a limited number of qualified replacements. The process of changing manufacturers is extensive and time-consuming and could cause delays or interruptions in our product or product candidate supply. Further, if we are required to change manufacturers for any reason, we will be required to verify that the new manufacturer maintains facilities and procedures that comply with all applicable regulations and guidelines, including cGMPs, and that the post-change material is comparable to pre-change. The delays associated with the verification of a new manufacturer could negatively affect our ability to develop product candidates in a timely manner or within budget. We may also be required to provide additional data to regulatory authorities in order to use any alternative components, equipment, materials or disposables, any of which could set back, delay, or increase the costs required to complete our clinical development and commercialization of our product candidates. Additionally, any such change or modification may adversely affect the safety, efficacy, stability, or

potency of our product candidates, and could adversely affect our clinical development of our product candidates and harm our business.

Certain of our third-party manufacturers are located outside the United States, and our ability to continue to receive drug material for our development candidates would be at-risk in the event of instability or geopolitical problems between the United States and the countries where these manufacturers are located. Under recent legislation, certain third-party manufacturers and other third parties (frequently China-based companies) may be considered a 'biotechnology company of concern.' If a third-party manufacturer receives such a designation, it may restrict the ability of U.S. companies like us to purchase services or products from, collaborate with, or otherwise work with such manufacturers. For example, it may delay the procurement or supply of such material or have an adverse effect on our ability to secure significant commitments from governments to purchase our potential therapies. Such disruption could have adverse effects on the development of our product candidates.

If our current vendors become unable for any reason, or unwilling to perform their required activities, we could experience protracted delays or interruptions in the supply of clinical trial material or any future approved product for commercial sale, which could materially and adversely affect our development programs, commercial activities, operating results, and financial condition. Any new manufacturer would be required to qualify under applicable regulatory requirements. In some cases, the technical skills or technology required to manufacture our clinical trial material may be unique or proprietary to the original manufacturer and we may have difficulty transferring such skills or technology to another third party and a feasible alternative may not exist. These factors would increase our reliance on such manufacturers or require us to obtain a license from them in order to have another third party manufacture our product candidates or any future approved product. If we are required to change manufacturers for any reason, we will be required to verify that the new manufacturer maintains facilities and procedures that comply with quality standards and with all applicable regulations and guidelines. In some cases, the FDA or applicable foreign regulatory authority may require us to conduct additional clinical or nonclinical studies, collect additional stability data, and provide additional information concerning any new manufacturer before we could distribute products from that manufacturer. The process of identifying, verifying and transitioning to a new manufacturer could significantly delay development or regulatory approval of our product candidates or delay or disrupt commercialization of any approved product and substantially increase costs or result in significant loss of product sales and associated revenue.

During the last few years, there have also been significant changes to U.S. and other countries' trade policies, export control laws, sanctions, legislation, treaties and tariffs. There is currently significant uncertainty about the future of trade relationships around the world, including potential changes to trade laws and regulations, trade policies, and tariffs. We cannot predict what additional actions may ultimately be taken by the United States or other governments with respect to tariffs or trade relations, what products may be subject to such actions (including subject to U.S. export control restrictions), or what actions may be taken by the other countries in retaliation. As a result of these dynamics, we cannot predict the impact to our relationships with third-party manufacturers or our business of any future changes to the United States' or other countries' trading relationships or the impact of new laws or regulations adopted by the United States or other countries.

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

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

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

1. collaborators have significant discretion in determining the efforts and resources that they will apply to these partnerships;
2. such arrangements may include cost-sharing obligations that require us to incur substantial costs in excess of our available resources;
3. collaborators may not pursue development and commercialization of any product candidates that achieve regulatory approval or may elect not to continue or renew development or commercialization programs based

on clinical trial results, changes in the collaborators' strategic focus or available funding, or external factors, such as an acquisition, that divert resources or create competing priorities;

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

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

Our partnership agreements generally grant our collaborators exclusive rights under certain of our intellectual property and may therefore preclude us from entering into partnerships with others relating to the same or similar compounds, indications or diseases. In addition, partnership agreements may place restrictions or additional obligations on our ability to license additional compounds in different indications, diseases or geographical locations. If we fail to comply with or breach any provision of a partnership agreement, a collaborator may have the right to terminate, in whole or in part, such agreement or to seek damages. Many of our collaborators also have the right to terminate the partnership agreement for convenience. If a partnership agreement is terminated, in whole or in part, we may be unable to continue the development and commercialization of the applicable product candidates, and even if we are able to do so, such efforts may be delayed and result in additional costs.

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

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

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

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

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

If any of our relationships with these third parties terminate, we may not be able to enter into alternative arrangements or do so on commercially reasonable terms. Switching or adding additional contractors involves additional cost and time and requires management time and focus. In addition, there is a natural transition period when a new third party commences work. As a result, delays could occur, which could compromise our ability to meet our desired development timelines. In addition, if an agreement with any of our collaborators terminates, our access to technology and intellectual property licensed to us by that collaborator may be restricted or terminate entirely, which may delay our continued development of our product candidates utilizing the collaborator's technology or intellectual property or require us to stop development of those product candidates completely.

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

We do not currently have nor do we plan to acquire the infrastructure or capability internally to manufacture our clinical drug supplies for use in the conduct of our clinical trials, and we lack the resources and the capability to manufacture any clinical candidates on a clinical scale. Instead, we rely on our third-party manufacturing partners to manufacture our clinical drug supply. Any of our contract manufacturers may not perform as agreed, may be unable to comply with cGMP requirements and with FDA, state and foreign regulatory requirements or may terminate their respective agreements with us.

In addition, manufacturers are subject to ongoing periodic unannounced inspection by the FDA and other governmental authorities to ensure strict compliance with government regulations. We do not control the manufacturing processes of our third-party manufacturing partners, which include, among other things, quality control, quality assurance

and the maintenance of records and documentation. If we were to experience an unexpected loss of supply, we could experience delays in our planned clinical trials as our third-party manufacturing partner would need to manufacture additional clinical drug supply and would need sufficient lead time to schedule a manufacturing slot. While there are other potential suppliers of clinical supplies of our biologics, the long transition periods necessary to switch manufacturers for any of our clinical drug supply would significantly delay our clinical trials and the commercialization of such products, if approved.

Risks Related to Our Industry

Clinical trials are expensive and take years to conduct, the outcome of such clinical trials is uncertain and results of earlier studies and trials may not be predictive of future trial results. Clinical trials may fail to prove our product candidates are safe and effective.

Each product candidate must receive regulatory approval and therefore must undergo rigorous and extensive preclinical studies and clinical trials to demonstrate safety and efficacy in patients. Clinical trials at any stage in development may fail to demonstrate the safety, efficacy or pharmacologic properties needed to be a viable product candidate in patients. Early clinical trials are expensive and can take many years to complete and may fail to demonstrate the safety and pharmacokinetic characteristics needed to invest in larger later stage clinical studies. Alternatively, success in preclinical testing and early clinical trials does not ensure that later clinical trials will generate the same results or otherwise provide adequate data to demonstrate the safety and effectiveness of a product candidate. Later clinical studies that are larger may not demonstrate the desired safety and efficacy profile needed to be of benefit to patients. Results from preclinical studies and clinical trials can be interpreted in different ways. Even if we believe the preclinical or clinical data for our product candidates are promising, such data may not be sufficient to support approval by the FDA or comparable foreign regulatory authorities. Additionally, regulatory authorities may request additional data including additional clinical trials or reject product approval.

In addition, the FDA and comparable foreign regulatory authorities may change their policies, issue additional regulations or revise existing regulations, or take other actions, which may prevent or delay approval of our future products under development on a timely basis. There remains substantial uncertainty as to how the current U.S. administration will seek or continue to modify or revise the requirements and policies of the FDA and other regulatory agencies with jurisdiction over our product candidates. This uncertainty could present new challenges or potential opportunities as we navigate the clinical development and approval process for our product candidates. Such policy or regulatory changes through, for example, executive orders or legislation could impose additional requirements upon us that could delay our ability to obtain approvals or increase the costs of compliance.

Adverse side effects or other safety risks associated with our product candidates could delay or preclude approval, cause us to suspend or discontinue clinical trials and abandon product candidates.

Conducting early clinical trials is complex and the outcomes are uncertain. Preclinical studies are performed to help inform human clinical trials, but human and animal studies are not comparable. Expected or unexpected undesirable side effects caused by our product candidates or other reasons could cause us, our collaborators or regulatory authorities to delay, suspend or terminate clinical trials and could result in more restrictive labeling or the delay or denial of regulatory approval by the FDA or comparable foreign regulatory authority. If we elect or are required to delay, suspend or terminate any clinical trial of any product candidates that we develop, the commercial prospects of such product candidates will be harmed and our ability to generate product revenues from any of these product candidates will be delayed or eliminated. If our product candidates are associated with adverse events in clinical trials or have side effects or other characteristics that are serious or unexpected, we may need to abandon their development or limit development to more narrow uses in which the adverse events, side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. We may also be required to modify our trial plans based on findings in our ongoing clinical trials. The FDA may also require that we conduct additional studies regarding the safety and efficacy of our product candidates which we have not planned or anticipated. Such findings could further result in regulatory authorities failing to provide marketing authorization for our product candidates or limiting the scope of the approved indication or imposing post-market safety restrictions, if approved. Many product candidates that initially showed promise in early stage testing have later been found to cause side effects that prevented further development of such product candidates.

Treatment-related side effects could also affect subject recruitment or the ability of enrolled subjects to complete the trial or result in potential product liability claims. In addition, these side effects may not be appropriately recognized or managed by the treating medical staff. Furthermore, we may be required to expend time and incur costs to train medical personnel using our product candidates to understand the side effect profiles for our clinical trials and upon any commercialization of any of our product candidates. There can be no assurance that we will resolve any issues related to any product-related adverse events to the satisfaction of the FDA or comparable foreign regulatory authorities in a timely manner or at all. Serious adverse events observed in clinical trials could hinder or prevent market acceptance of the product

candidate at issue. Any of these occurrences may harm our business, prospects, financial condition and results of operations significantly.

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

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

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

We have conducted, are currently conducting, and may in the future conduct clinical trials for our product candidates outside the United States, and the FDA and comparable foreign regulatory authorities may not accept data from such trials.

We have conducted, are currently conducting, and may in the future conduct one or more clinical trials of our current or future product candidates outside the United States. The acceptance of study data from clinical trials conducted outside the United States or another jurisdiction by the FDA or comparable foreign regulatory authority may be subject to certain conditions or may not be accepted at all. In cases where data from foreign clinical trials are intended to serve as the basis for marketing approval in the United States, the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the U.S. population and U.S. medical practice; (ii) the trials were performed by clinical investigators of recognized competence; and (iii) the data may be considered valid without the need for an on-site inspection by the FDA or, if the FDA considers such an inspection to be necessary, the FDA is able to validate the data through an on-site inspection or other appropriate means. Additionally, the FDA's clinical trial requirements, including sufficient size of patient populations and statistical power, must be met. Many foreign regulatory authorities have similar approval requirements. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA or any comparable foreign regulatory authority will accept data from trials conducted outside of the United States or the applicable jurisdiction. If the FDA or any comparable foreign regulatory authority does not accept such data, we would need to conduct additional trials, which could be costly and time-consuming.

Delays in the commencement or completion of clinical trials could result in increased costs to us and delay our ability to establish strategic collaborations.

Delays in the commencement or completion of clinical trials could significantly impact our drug development costs. We do not know whether planned clinical trials will begin on time or be completed on schedule, if at all. The commencement of clinical trials can be delayed for a variety of reasons, including, but not limited to, delays related to:

- obtaining regulatory approval to commence one or more clinical trials;
- reaching agreement on acceptable terms with prospective CROs and clinical trial sites;
- manufacturing sufficient quantities of a drug candidate or other materials necessary to conduct clinical trials, as well as receiving the supplies and materials needed to conduct our clinical trials, including interruptions in global shipping that may affect the transport of clinical materials;
- obtaining institutional review board approval to conduct one or more clinical trials at a prospective site;
- recruiting and enrolling patients to participate in one or more clinical trials, especially as patients may be reluctant or unable to visit clinical sites, or may delay seeking treatment for chronic conditions;
- the failure of our collaborators to adequately resource our drug candidates due to their focus on other programs or as a result of general market conditions;
- recruiting clinical site investigators, clinical site staff and potential closure or defunding of clinical facilities; and
- changes in regulations, which may require us to change the ways in which our clinical trials are conducted.

In addition, once a clinical trial has begun, it may be suspended or terminated by us, our collaborators, the institutional review boards or data safety monitoring boards charged with overseeing our clinical trials, the FDA, EMA or comparable foreign authorities due to a number of factors, including:

- failure to conduct the clinical trial in accordance with regulatory requirements or clinical protocols;
- inspection of the clinical trial operations or clinical trial site by the FDA, EMA or comparable foreign authorities resulting in the imposition of a clinical hold;
- unforeseen safety issues; or
- lack of adequate funding to continue the clinical trial.

If we experience delays in the completion or termination of any clinical trial of our product candidates, the commercial prospects of our product candidates will be harmed, and our ability to commence product sales and generate product revenues from any of our product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs and slow down our product candidate development and approval process. Delays in completing our clinical trials could also allow our competitors to obtain marketing approval before we do or shorten the patent protection period during which we may have the exclusive right to commercialize our product candidates. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

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

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

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

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

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

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

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

We may seek Fast Track or other accelerated review designations for some or all of our product candidates. We may not receive such designation, and even for those product candidates for which we do, it may not lead to a faster development or regulatory review or approval process, and will not increase the likelihood that product candidates will receive marketing approval.

We may seek Fast Track or other accelerated review designations for some or all of our other product candidates. If a drug or biologic is intended for the treatment of a serious or life-threatening condition or disease, and nonclinical or clinical data demonstrate the potential to address an unmet medical need, the product may qualify for FDA Fast Track designation, for which sponsors must apply. If granted, a Fast Track or other accelerated review designation makes a product candidate eligible for more frequent interactions with the FDA to discuss the development plan and clinical trial design, as well as rolling review of the application, which means that we can submit completed sections of our marketing application for review prior to completion of the entire submission. Marketing applications of product candidates with a Fast Track or other accelerated review designation may qualify for priority review under the policies and procedures offered by the FDA, but a Fast Track or other accelerated review designation does not assure any such qualification or ultimate marketing approval by the FDA. The FDA has broad discretion with respect to whether or not to grant this designation. Thus, even if we believe a particular product candidate is eligible for this designation, the FDA may decide not to grant it. Moreover, even if we do receive a Fast Track or another accelerated review designation, we or our collaborators may not experience a faster development process, review or approval compared to conventional FDA procedures. Access to an expedited program does not change the standards for approval. In addition, the FDA may withdraw a Fast Track or other accelerated review designation if it believes that the designation is no longer supported by data from our clinical development program.

A variety of risks associated with conducting research and clinical trials abroad and marketing our product candidates internationally could materially adversely affect our business.

We plan to globally develop our product candidates. In addition, our enrollment timelines for our product candidates depend on initiating clinical trial sites outside of the United States. Accordingly, we expect that we will be subject to additional risks related to operating in foreign countries, including:

- differing regulatory requirements in foreign countries;
- unexpected changes in tariffs, trade barriers, price and exchange controls and other regulatory requirements;
- differing standards and privacy requirements for the conduct of clinical trials;
- increased difficulties in managing the logistics and transportation of storing and shipping product candidates produced in the United States and shipping the product candidate to the patient abroad;
- import and export requirements and restrictions;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country;
- difficulties staffing and managing foreign operations;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- differing payor reimbursement regimes, governmental payors or patient self-pay systems, and price controls;
- potential liability under the Foreign Corrupt Practices Act of 1977 or comparable foreign regulations;
- challenges enforcing our contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as the United States;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad;
- challenges with obtaining any local supply of drugs or agents used with our product candidates, which are required by certain local clinical trial sites before conducting any study; and
- business interruptions resulting from health epidemics or pandemics, or natural or man-made disasters, including earthquakes, tsunamis, fires or other medical epidemics, or geo-political actions, including war and terrorism.

Significant political, trade, or regulatory developments in the jurisdictions in which we may sell our products, if approved, such as those stemming from the change in U.S. federal administration, are difficult to predict and may have a material adverse effect on us. Similarly, changes in U.S. federal policy that affect the geopolitical landscape could give rise to circumstances outside our control that could have negative impacts on our business operations. The U.S. has imposed

tariffs on a significant number of imports to the U.S. and significantly higher so-called reciprocal tariffs applicable to imports from many countries. The current U.S. administration has threatened to continue to broadly impose tariffs, which could lead to corresponding punitive actions by the countries with which the U.S. trades. Historically, tariffs have led to increased trade and political tensions, between not only the U.S. and China, but also between the U.S. and other countries in the international community. In response to tariffs, other countries have implemented retaliatory tariffs on U.S. goods. Political tensions as a result of trade policies could reduce trade volume, investment, technological exchange and other economic activities between major international economies, resulting in a material adverse effect on global economic conditions and the stability of global financial markets. Any changes in political, trade, regulatory, and economic conditions, including U.S. trade policies, could have a material adverse effect on our financial condition or results of operations.

These and other risks associated with our global development and collaboration with other pharmaceutical and biotechnology companies, may materially adversely affect our ability to attain or maintain profitable operations.

Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not mean that we will be successful in obtaining regulatory approval of our product candidates in other jurisdictions.

Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not guarantee that we will be able to obtain or maintain regulatory approval in any other jurisdiction, while a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in others. For example, even if the FDA grants marketing approval of a product candidate, comparable regulatory authorities in foreign jurisdictions must also approve the regulatory submission, preclinical studies, clinical trials, manufacturing, marketing and promotion of the product candidate in those countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from, and greater than, those in the United States, including additional preclinical studies or clinical trials as clinical trials conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions. In many jurisdictions outside the United States, a product candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that we intend to charge for our drugs is also subject to approval.

Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our drugs in certain countries. If we fail to comply with the regulatory requirements in international markets and/or receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed, which would adversely affect our business, prospects, financial condition and results of operations.

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

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

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

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

1. discover and develop products that are superior to other products in the market;
2. attract qualified scientific, product development and commercial personnel;
3. obtain and maintain patent and/or other proprietary protection for our products and technologies;

4. obtain required regulatory approvals; and
5. successfully collaborate with pharmaceutical companies in the discovery, development and commercialization of new products.

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

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

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

Efforts to ensure that our future business arrangements with third parties will comply with applicable healthcare laws and regulations may involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, including, without limitation, damages, fines, imprisonment, disgorgement, exclusion from participation in government healthcare programs, such as Medicare and Medicaid, additional reporting requirements and/or oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, and the curtailment or restructuring of our operations, as well as reputational harm, which could significantly harm our business.

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

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

For example, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, (collectively, the ACA), was enacted in the United States, which substantially changed the way healthcare is financed by both governmental and private insurers in the United States and significantly affected the pharmaceutical industry. The ACA, among other things, subjected biologic products to potential competition by lower-cost biosimilars, addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program (the MDRP) are calculated for drugs and biologics that are inhaled, infused, instilled, implanted or injected, increased the minimum Medicaid rebates owed by manufacturers under the MDRP, extended manufacturer Medicaid rebate obligations to utilization by individuals enrolled in Medicaid managed care organizations, established annual fees and taxes on manufacturers of certain branded prescription drugs and biologics, and established a new Medicare Part D coverage gap discount program. Since its enactment, there have been judicial, congressional, and executive branch challenges to the ACA, which have resulted in delays in the implementation of, and action taken to repeal or replace, certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed a challenge on procedural grounds that argued the ACA is unconstitutional in its entirety because the “individual mandate” was repealed by Congress.

In addition, there have been a number of health reform initiatives that have impacted the ACA. For example, on August 16, 2022, the Inflation Reduction Act (the IRA) became law, which, among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. The IRA also eliminated the "donut hole" under the Medicare Part D program beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost and through a newly established manufacturer discount program. In addition, the IRA imposes new manufacturer financial liability on certain drugs under Medicare Part D, allowing the U.S. government to negotiate Medicare Part B and Part D price caps for certain high-cost drugs and biologics without generic or biosimilar competition, subject to certain exemptions applicable to orphan drugs. It is possible that the ACA will be subject to judicial or congressional challenges in the future. It is unclear how such challenges, and the healthcare reform measures of the current administration, will impact the ACA and our business.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. For example, on August 2, 2011, the Budget Control Act of 2011 was signed into law, which, among other things, resulted in reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013, and, due to subsequent legislative amendments to the statute, will remain in effect through 2032 unless additional Congressional action is taken. In certain countries outside the United States, reimbursement for products that have not yet received marketing authorization may be provided through national managed access programs.

Moreover, there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several U.S. presidential executive orders, congressional inquiries, and proposed and enacted legislation designed, among other things, to bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs and reform government program reimbursement methodologies for pharmaceutical products. The IRA, among other things, (i) directs the U.S. Department of Health and Human Services (HHS) to negotiate the price of certain high-expenditure, single-source drugs and biologics covered under Medicare, and subject drug manufacturers to civil monetary penalties and a potential excise tax by offering a price that is not equal to or less than the negotiated "maximum fair price" for such drugs and biologics under the law, and (ii) imposes rebates with respect to certain drugs and biologics covered under Medicare Part B or Medicare Part D to penalize price increases that outpace inflation. The IRA permits HHS to implement many of these provisions through guidance, as opposed to regulation, for the initial years. These provisions took effect progressively starting in fiscal year 2023. On August 15, 2024, HHS announced the agreed-upon reimbursement prices of the first ten drugs that were subject to price negotiations. The prices of these ten drugs are scheduled to become effective January 1, 2026. On January 17, 2025, HHS announced its selection of 15 additional drugs covered by Part D for the second cycle of negotiations by February 1, 2025. The second cycle of negotiations with participating drug companies will occur during 2025, and any negotiated prices for this second set of drugs will be effective starting January 1, 2027. Each year thereafter more Part B and Part D products will become subject to the Medicare Drug Price Negotiation Program. On December 8, 2023, the National Institute of Standards and Technology published for comment a Draft Interagency Guidance Framework for Considering the Exercise of march-in rights, which for the first time includes the price of a product as one factor an agency can use when deciding to exercise march-in rights. While march-in rights have not previously been exercised, it is uncertain whether that will continue under the new framework. It is unclear whether or how much such rights may be exercised.

Several pharmaceutical companies, as well as the U.S. Chamber of Commerce, and the Pharmaceutical Research and Manufacturers of America have filed lawsuits against HHS and the Centers for Medicare & Medicaid Services, or CMS, asserting that, among other things, the IRA's drug price negotiation program for Medicare constitutes an uncompensated taking in violation of the Fifth Amendment of the U.S. Constitution and is otherwise unlawful. HHS has generally won the substantive disputes in these cases, and several federal district court judges have expressed skepticism regarding the merits of the legal arguments being pursued by the pharmaceutical industry. HHS has generally continued to win the substantive disputes in appeals, although certain cases continue to seek appellate review.

We expect that the ACA, the IRA, and any other healthcare reform measures that may be adopted in the future may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, new payment methodologies and additional downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or commercialize our product candidates, if approved.

The current presidential administration is pursuing policies to reduce regulations and expenditures across government including at HHS, the FDA, CMS and related agencies. These actions, presently directed by executive orders or memoranda from the Office of Management and Budget, may propose policy changes that create additional uncertainty for our business. These actions and proposals may, for example, include directives: (1) reducing agency workforce and cutting programs; (2) rescinding a Biden administration executive order tasking the Center for Medicare and Medicaid Innovation, or CMNI, to consider new payment and healthcare models to limit drug spending; (3) eliminating the previous

administration's executive order that directed HHS to establish an AI task force and develop a strategic plan; (4) directing HHS and other agencies to lower prescription drug costs through a variety of initiatives, including by improving upon the Medicare Drug Price Negotiation Program and establishing Most-Favored-Nation pricing for pharmaceutical products; (5) imposing tariffs on imported pharmaceutical products; and (6) directing certain federal agencies to enforce existing law regarding hospital and plan price transparency and by standardizing prices across hospitals and health plans. Congress may introduce and ultimately pass healthcare-related legislation that could impact the drug approval process and make changes to the Medicare Drug Price Negotiation Program created under the IRA. This could lower the price that we receive for any approved product. Any denial in coverage or reduction in reimbursement from Medicare or other government-funded programs may result in a similar denial or reduction in payments from private payors, which may prevent us from being able to generate sufficient revenue, attain profitability or commercialize our product candidates, if approved. Furthermore, on July 4, 2025, legislation commonly referred to as the One Big Beautiful Bill Act was signed into law, which reduced funding to federal healthcare programs and imposed additional requirements to be eligible for healthcare, which may result in decreased access to healthcare, particularly in Medicaid programs.

Further, changes in regulatory requirements and guidance may occur and we may need to amend clinical trial protocols to reflect these changes. Amendments may require us to resubmit our clinical trial protocols to independent institutional review boards, or IRBs, for re-examination, which may impact the costs, timing or successful completion of a clinical trial. In light of widely publicized events concerning the safety risk of certain drug products, regulatory authorities, members of Congress, the Governmental Accounting Office, medical professionals and the general public have raised concerns about potential drug safety issues. These events have resulted in the recall and withdrawal of drug products, revisions to drug labeling that further limit use of the drug products and establishment of risk management programs that may, for instance, restrict distribution of drug products or require safety surveillance or patient education. The increased attention to drug safety issues may result in a more cautious approach by the FDA to clinical trials and the drug approval process. Data from clinical trials may receive greater scrutiny with respect to safety, which may make the FDA or comparable foreign regulatory authorities more likely to terminate or suspend clinical trials before completion or require longer or additional clinical trials that may result in substantial additional expense and a delay or failure in obtaining approval or approval for a more limited indication than originally sought.

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

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

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

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

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

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

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

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

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

Additionally, we may not have or be able to obtain or maintain sufficient and affordable insurance coverage to cover product liability claims, and without sufficient coverage, any claim brought against us could have a materially adverse effect on our business, financial condition or results of operations. We run clinical trials through investigators that could be negligent through no fault of our own and which could affect patients, cause potential liability claims against us and result in delayed or stopped clinical trials. We are required by contractual obligations to indemnify collaborators, partners, third-party contractors, clinical investigators, and institutions. These indemnifications could result in a material impact due to product liability claims against us and/or these groups. We currently carry at least $10.0 million in product liability insurance, which we believe is appropriate for our current clinical trials. Although we maintain such insurance, any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We may have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. We may also need to expand our insurance coverage as our business grows or if any of our product candidates is commercialized. We may not be able to maintain or increase insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

General Risk Factors

Disruptions at the FDA, SEC and other government agencies caused by changing priorities or funding shortages could hinder their ability to hire, retain or deploy key leadership and other personnel, prevent new or modified products from being developed, reviewed, approved or commercialized in a timely manner or at all, which could negatively impact our business.

The ability of the FDA and foreign regulatory authorities to review and approve new products can be affected by a variety of factors, including reductions in force or hiring freezes, government budget and funding levels, statutory, regulatory, and policy changes, the FDA's or foreign regulatory authorities' ability to hire and retain key personnel and accept the payment of user fees, substantial changes in leadership and shifting policy priorities as a result of changes in the presidential administration and its appointees tasked to oversee the agency and other events that may otherwise affect the FDA's or foreign regulatory authorities' ability to perform routine functions. Average review times at the FDA and foreign regulatory authorities have fluctuated in recent years as a result. In addition, government funding of other government agencies that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable.

Disruptions at the FDA may also slow the time necessary for new drugs, medical devices and biologics or modifications to approved drugs and biologics to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, the current U.S. administration has discussed several changes to the reach and oversight of the FDA, which could affect its relationship with the pharmaceutical industry, transparency in decision making and ultimately the cost and availability of prescription drugs. Additionally, over the last several years, including for 43 days beginning on October 1, 2025, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA and the SEC, have had to furlough critical employees and stop critical activities. If funding for the FDA is reduced or if the FDA workforce is reduced, it could significantly impact the ability of the FDA or

other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

Further, a future shutdown of the U.S. federal government could materially impact the operations of the SEC. For example, the SEC announced that during the most recent U.S. federal government shutdown, it will not declare registration statements effective. In the event of an extended shutdown, the SEC may operate with limited staff or suspend certain functions altogether, which could delay the review or effectiveness of our filings, including registration statements or other financing-related disclosures. Such delays could adversely affect our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue to fund our operations.

The FDA or comparable foreign regulatory authorities may also face delays or resource constraints relating to foreign inspections, such as those that occurred during the COVID-19 pandemic. In response, such agencies may shift inspection priorities, may turn to remote regulatory assessments, or may issue other policies that could affect product approval timelines, which could have a material adverse effect on our business. A future shutdown of the U.S. federal government or reductions in FDA funding or workforce may also affect inspection-related activities.

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

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

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

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

Information security risks have significantly increased in recent years in part due to the proliferation of new technologies and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign state actors. We face various cybersecurity threats, including cybersecurity attacks to our information technology infrastructure and attempts by others to gain access to our proprietary or sensitive information. Our technology systems and those of our current partners and third-party vendors are vulnerable to attack, damage and interruption from computer viruses and malware (e.g. ransomware), malicious code, cybersecurity threats (such as denial or degradation-of-service attacks, cyber-attacks or cyber-intrusions over the Internet, hacking, phishing and other social engineering attacks), unauthorized access or use, natural disasters, terrorism, war and telecommunication and electrical failures, employee theft or misuse, human error, fraud, and sophisticated nation-state and nation-state-supported actors. A security breach or privacy violation that leads to disclosure or modification of or prevents access to personal data or other protected information could harm our reputation, compel us to comply with federal and/or state breach notification laws and foreign law equivalents, subject us to mandatory corrective action, require us to verify the correctness of database contents and otherwise subject us to liability under laws and regulations that protect personal data, resulting in increased costs or loss of revenue. Similarly, the loss of clinical trial data from completed or ongoing or planned clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Moreover, a security breach that exposes our confidential intellectual property could compromise our patent portfolio. Additionally, theft of our intellectual property or proprietary business information could require substantial expenditures to remedy. If we are unable to prevent such security breaches or privacy violations or implement satisfactory remedial measures, our operations could be disrupted, and we may suffer loss of reputation, financial loss and other regulatory penalties because of lost or misappropriated information. In addition, these breaches and other inappropriate access can be

difficult to detect, and any delay in identifying them may lead to increased harm of the type described above. Moreover, the prevalent use of mobile devices that access confidential information increases the risk of data security breaches, which could lead to the loss of confidential information, trade secrets or other intellectual property. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities.

While we have no reason to believe that we have been subject to any material system failure, accident or security breach to date, we have experienced cybersecurity incidents in the past and expect that we will experience cybersecurity incidents in the future. We may also experience security breaches that may remain undetected for an extended period. Even if identified, we may be unable to adequately investigate or remediate incidents or breaches due to attackers increasingly using tools and techniques that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence. The procedures and controls we use to monitor these threats and mitigate our exposure may not be sufficient to prevent cybersecurity incidents. The result of these incidents could have a material adverse effect on our business, financial condition and results of operations including disrupted operations, lost opportunities, misstated financial data, liability for stolen assets or information, increased costs arising from the implementation of additional security protective measures, litigation and reputational damage. Any remedial costs or other liabilities related to cybersecurity incidents may not be fully insured or indemnified by other means.

Unfavorable global economic or political conditions could adversely affect our business, financial condition or results of operations.

Our business is susceptible to general conditions in the global economy and in the global financial markets. A global financial crisis or a global or regional political disruption could cause extreme volatility in the capital and credit markets. A severe or prolonged economic downturn, including a recession or depression resulting from the political disruption, could result in a variety of risks to our business, including weakened demand for our current or future product candidates, if approved, and our ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy or political disruption could also strain our manufacturers or suppliers, possibly resulting in supply disruption, or cause our customers to delay making payments for our potential drugs, if approved.

The current U.S. administration has substantially departed from prior U.S. government international trade policy and has commenced activities to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries. In addition, the current U.S. administration has initiated and is continuing to consider imposing additional tariffs on certain foreign goods. Related to this action, certain foreign governments, including China, have instituted or are considering imposing reciprocal tariffs on certain U.S. goods. It remains unclear what the current U.S. administration or foreign governments will or will not do with respect to tariffs or other international trade agreements and policies. A trade war or other governmental action related to tariffs or international trade agreements or policies has the potential to disrupt our research activities, increase the cost of materials purchased to develop our products, and/or affect the United States or global economy or certain sectors thereof.

The foregoing could materially and adversely affect our business, financial condition, results of operations and prospects, and we cannot anticipate all of the ways in which the political or economic climate and financial market conditions could adversely impact our business.

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

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

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

The regulatory framework for the collection, use, safeguarding, sharing, transfer and other processing of information worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Globally, virtually every

jurisdiction in which we operate has established its own data security and privacy frameworks with which we must comply. Depending on our activities and operations we may be subject to privacy laws in other jurisdictions. For example, the collection, use, disclosure, transfer, or other processing of personal data regarding individuals in the European Union (the EU) including personal health data, is subject to the EU General Data Protection Regulation (GDPR) which took effect across all member states of the European Economic Area (EEA) in May 2018. The GDPR is wide-ranging in scope and imposes numerous requirements on companies that process personal data, including requirements relating to processing health and other sensitive data, obtaining consent of the individuals to whom the personal data relates, providing information to individuals regarding data processing activities, implementing safeguards to protect the security and confidentiality of personal data, providing notification of data breaches, and taking certain measures when engaging third-party processors. In addition, the GDPR imposes strict rules on the transfer of personal data to countries outside the EU, which includes the United States and, as a result, increases the scrutiny that clinical trial sites located in the EEA should apply to transfers of personal data from such sites to countries that are considered to lack an adequate level of data protection, such as the United States. The GDPR also permits data protection authorities to require destruction of improperly gathered or used personal data and/or impose substantial fines for violations of the GDPR, which can be up to 4% of global revenues or €20 million, whichever is greater, and it also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR. In addition, the GDPR provides that EU member states may make their own additional laws and regulations limiting the processing of personal data, including genetic, biometric or health data.

The European Data Protection Board continues to release guidelines for industries and impose fines related to the GDPR, some of which have been very significant, including proposed amendments to the GDPR in November 2025. Meanwhile, there continues to be persistent uncertainty relating to the transfer of personal data from Europe to the U.S., or other non-adequate countries, following the Schrems II decision. On July 10, 2023, the European Commission adopted its adequacy decision on the EU-U.S. Data Privacy Framework (DPF). The decision, which took effect on the day of its adoption, concludes that the United States ensures an adequate level of protection for personal data transferred from the EEA to companies certified to DPF. However, it remains too soon to tell how the future of DPF will evolve and what impact it will have on our international activities. At least one challenge to the DPF is pending before the Court of Justice of the European Union.

Further, Brexit has led and could also lead to legislative and regulatory changes that may increase our compliance costs. Data processing in the UK is governed by a UK version of the GDPR (combining the GDPR and the Data Protection Act 2018), as well as other laws including the Data Use and Access Act and the Privacy and Electronic Communications Regulations exposing us to two parallel regimes, each of which authorizes similar fines and other potentially divergent enforcement actions for certain violations. On June 28, 2021, the European Commission adopted an Adequacy Decision for the UK, allowing for the relatively free exchange of personal data between the EU and the UK (as the UK correspondingly allows transfers back to the EU).

In the EEA, the NIS 2 Directive, or NIS 2, is replacing the cybersecurity legal framework under the current NIS framework, aiming to ensure a high level of cybersecurity in the region. NIS 2 brings new medium and large organizations providing services in the EEA within scope of the legal framework. It extends to additional sectors and expands the list of in-scope healthcare organizations, including to certain providers engaged in research and development of medicinal products. The new regime imposes direct obligations on management in respect of an in-scope organization's compliance with NIS 2, requires covered organizations to put in place certain cyber risk management measures, strengthens incident reporting requirements and provides supervisory authorities with greater oversight. The majority of obligations will come into force when national legislation implementing NIS 2 becomes effective in the relevant EU Member State. EU Member States had until October 17, 2024 to transpose NIS 2 into national legislation, although many countries have still not completed the transposition. As such, the cybersecurity regulatory landscape in the EU is currently fragmented and uncertain. To the extent that we become subject to NIS 2 in the future, we may require additional investment of our resources in compliance programs. Under NIS 2, companies may be subject to administrative fines of up to the higher amount of €10 million or 2% of worldwide turnover.

Similar actions are either in place or under way in the United States. There are a broad variety of data protection and breach notification laws that are applicable to our activities, and a wide range of enforcement agencies at both the state and federal levels that can review companies for privacy and data security concerns based on general consumer protection laws. Each of these laws is subject to varying interpretations and the legislative landscape is constantly evolving and the Federal Trade Commission (FTC) and state Attorneys General all are aggressive in reviewing privacy and data security protections for consumers. At the federal level, for example, the Health Insurance Portability and Accountability Act of 1996 (HIPAA), which establishes privacy and security standards that limit the use and disclosure of individually identifiable health information, or protected health information, and require the implementation of administrative, physical and technological safeguards to protect the privacy of protected health information and ensure the confidentiality, integrity and

availability of electronic protected health information. We may obtain health information from third parties (including research institutions from which we obtain clinical trial data) that are subject to privacy and security requirements under HIPAA. Depending on the facts and circumstances, we could be subject to civil, criminal, and administrative penalties if we knowingly obtain, use, or disclose individually identifiable health information maintained by a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA. Requirements for compliance under HIPAA are also subject to change, as the U.S. Department of Health and Human Services Office of Civil Rights issued a proposed rule that would amend certain security compliance requirements for covered entities and business associates. Even when HIPAA does not apply, according to the FTC, failing to take appropriate steps to keep consumers' personal data secure constitutes unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act. The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Individually identifiable health information is considered sensitive data that merits stronger safeguards. The FTC's Health Breach Notification Rule applies to health apps and other similar technologies and expanded the information the breach notification requirements for entities subject to the rule which may add additional complexity to compliance obligations going forward.

Additionally, new laws also are being considered at both the state and federal levels and several states have passed comprehensive privacy laws. For example, the California Consumer Privacy Act (as amended, CCPA) is creating similar risks and obligations as those created by the GDPR, though the CCPA does exempt certain clinical trial data. The CCPA may increase our compliance costs and potential liability, and we cannot yet predict the impact of the CCPA on our business. States have adopted statewide comprehensive privacy laws and many other states have privacy legislation that is pending. Some state laws also minimize what data can be collected from consumers and how businesses may use and disclose it. These state privacy laws also require businesses to make disclosures to consumers about data collection, use and sharing practices. In addition, some of these laws (including the CCPA), along with other standalone health privacy laws, subject health-related information to additional safeguards and disclosures and some specifically regulate consumer health data, such as the Washington My Health My Data Act, which became effective in 2023 and 2024, Nevada's Consumer Health Data Privacy Law, which became effective in 2024, and Connecticut's amendments to its privacy law to address health data, which became effective in 2023. Additionally, a broad range of legislative measures also have been introduced at the federal level. Accordingly, failure to comply with federal and state laws (both those currently in effect and future legislation) regarding privacy and security of personal data could expose us to fines and penalties under such laws. There also is the threat of consumer class actions related to these laws and the overall protection of personal data.

All 50 U.S. states and territories and international jurisdictions have varying breach notification laws that may require us to notify patients, employees or regulators in the event of unauthorized access to or disclosure of personal or confidential data experienced by us or our service providers. These laws are not consistent, and compliance in the event of a widespread data breach is difficult and may be costly. We also may be contractually required to notify patients or other counterparties of a security breach. In addition to government regulation, privacy advocates and industry groups have and may in the future propose self-regulatory standards from time to time. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards.

Our employees and personnel use generative artificial intelligence, or AI, technologies to enhance their work, and the disclosure and use of personal data in generative AI technologies is subject to various privacy laws and other privacy obligations. Governments have passed and are likely to pass additional laws regulating generative AI. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and lawsuits. If we are unable to use generative AI, it could make our business less efficient and result in competitive disadvantages.

Given the breadth and depth of changes in data protection obligations, preparing for and complying with these requirements is rigorous and time intensive and requires significant resources and a review of our technologies, systems and practices, as well as those of any third-party collaborators, service providers, CROs, contractors or consultants that process or transfer personal data collected in the EU. The GDPR and other changes in laws or regulations associated with the enhanced protection of certain types of sensitive data, such as healthcare data or other personal data from our clinical trials, and access to certain data such as the European Health Data Space Regulation, could require us to change our business practices and put in place additional compliance mechanisms, may interrupt or delay our development, regulatory and commercialization activities and increase our cost of doing business, and could lead to government enforcement actions, private litigation and significant fines and penalties against us and could have a material adverse effect on our business, financial condition or results of operations. Similarly, failure to comply with federal and state laws regarding privacy and security of personal data could expose us to fines and penalties under such laws. Even if we are not determined to have violated these laws, government investigations into these issues typically require the expenditure of significant resources and generate negative publicity, which could harm our reputation and our business.

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

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

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

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

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

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

The Company's management maintains a cybersecurity program, with direct oversight from the Audit Committee (the "Audit Committee") of the Board of Directors (the "Board"), to manage information, data, technology security, and procedures and practices. The cybersecurity program is informed in part by the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF), which provides guidance to help identify, assess, and manage cybersecurity risks relevant to the Company's business. The Company seeks to address material cybersecurity threats through a company-wide approach that addresses the confidentiality, integrity, and availability of the Company's information systems and the information that it collects and stores, by assessing, identifying and managing cybersecurity issues as they arise. Consistent with this approach, the Company applies cybersecurity practices informed by a Zero Trust-aligned security philosophy that emphasizes continuous verification, least-privilege access, and risk-based controls across its information systems.

Cybersecurity Risk Management and Strategy

The Company maintains a cross-functional, enterprise-wide cybersecurity risk management program that is integrated into its overall risk management framework and operating processes. Cybersecurity risks are evaluated alongside other enterprise risks as part of the Company's broader risk assessment activities, including consideration of their potential impact on the Company's business operations, financial condition, results of operations, and reputation. Senior management is actively involved in identifying, assessing, and managing cybersecurity risks, and the Board, primarily through the Audit Committee, provides oversight of these risks.

Identification and Escalation of Cybersecurity Risks: The Company maintains processes and controls designed to identify, assess, and manage cybersecurity threats and incidents that could be material. These processes are intended to enable the timely identification, classification, and escalation of cybersecurity incidents to appropriate levels of management based on the nature, severity, and potential impact of the incident. Management is informed of cybersecurity incidents through defined escalation protocols, which facilitate coordination among information technology, legal, finance, and other relevant functions and support management's evaluation of incident severity, response actions, and disclosure considerations. Significant cybersecurity risks and incidents are reported to the Audit Committee, as appropriate, and the Audit Committee provides oversight of management's response and remediation efforts.

Cybersecurity Controls and Monitoring: The Company's cybersecurity program includes administrative, technical, and physical safeguards designed to protect the confidentiality, integrity, and availability of the Company's information systems. These safeguards are supported by ongoing monitoring activities, vulnerability assessments, and cybersecurity threat intelligence, and are periodically evaluated through internal reviews and independent third-party assessments. The results of these activities are reviewed by management and used to inform enhancements to the Company's cybersecurity risk management practices.

Incident Response and Recovery: The Company maintains an incident response and recovery plan designed to guide the Company's response to cybersecurity incidents. The plan defines roles and responsibilities, escalation and reporting protocols, coordination with internal and external stakeholders, and post-incident review processes. A cross-functional incident response team, led by the Company's head of Information Technology and including representatives from finance, legal, human resources, corporate communications, and executive leadership, supports the execution of the plan. Management monitors incident response efforts and determines whether any cybersecurity incident is material and requires disclosure, and provides updates to the Audit Committee regarding significant incidents and remediation efforts, as appropriate.

Third-Party Risk Management: The Company assesses and manages cybersecurity risks associated with third-party service providers as part of the Company's overall cybersecurity risk management program. Third parties are evaluated using a risk-based approach that considers their access to the Company's systems and data and the criticality of the services provided. Based on assessed risk levels, the Company applies oversight measures commensurate with the level of risk, which may include contractual requirements, assessments, audits, or other assurance activities.

Training, Assessment, and Continuous Improvement: The Company provides regular cybersecurity training and awareness programs for employees designed to promote the identification and reporting of cybersecurity threats and reinforce the Company's information security policies and practices. The Company also conducts periodic reviews, testing, and independent assessments of its cybersecurity program. The results of these activities are evaluated by management, reported to the Audit Committee, and used to inform ongoing enhancements to the Company's cybersecurity risk management strategy.

Governance

The Board, in coordination with the Audit Committee, oversees the Company's risk management and information technology programs, including the management of cybersecurity risks. The Audit Committee receives regular reports and presentations regarding cybersecurity matters, including the Company's risk management practices, recent developments, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends, and information security issues encountered by the Company, its peers, and third parties. The Audit Committee also receives updates regarding significant cybersecurity risks and incidents, as appropriate. On a quarterly basis, the Audit Committee discusses the Company's approach to cybersecurity risk oversight with members of senior management.

The Company's head of Information Technology, who has over 30 years of relevant experience in information security, in coordination with senior management, including the Chief Financial Officer, is responsible for managing the Company's cybersecurity risk management program. The head of Information Technology works collaboratively across the Company to implement and maintain processes designed to protect the Company's information systems from cybersecurity threats and to respond to cybersecurity incidents in accordance with the Company's incident response and recovery plans.

Cross-functional teams throughout the Company support the cybersecurity program by addressing cybersecurity risks and responding to incidents, and provide relevant information to the head of Information Technology and senior management, who report significant cybersecurity matters to the Audit Committee, as appropriate.

Material Effects of Cybersecurity Incidents

Risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected the Company's business strategy, results of operations, or financial condition, and are not reasonably likely to materially affect the Company's business strategy, results of operations, or financial condition.

Item 2. Properties

The following table summarizes the Company's leased facilities as of February 25, 2026.

	Primary Use	Approximate Square Footage	Lease Expiration	Remaining Lease Term (years)
Monrovia, California	Research and Office Facility	24,573	December 2026	0.8
Pasadena, California	Corporate Headquarters and Lab Facility	129,543	July 2035	9.4
San Diego, California	Research Facility	9,044	December 2027	1.8

On December 18, 2025, the Company entered into a sublease agreement to sublease a portion of its Pasadena space to a third party. The sublease term commenced on February 1, 2026 and expires on January 31, 2031.

Item 3. Legal Proceedings

Legal Proceedings are set forth in the Company's financial statement schedules in Part II, Item 8 of this Annual Report on Form 10-K and are incorporated herein by reference. See Note 7 - Commitments and Contingencies of Notes to Consolidated Financial Statements of Part II, "Item 8. Financial Statements and Schedules."

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Market Information

The Company's common stock trades on the Nasdaq Global Select Market under the symbol "XNCR." As of February 17, 2026, there were approximately 163 holders of record of the Company's common stock.

Dividend Policy

The Company has never declared or paid cash dividends on its common stock and does not currently anticipate paying any cash dividends in the foreseeable future.

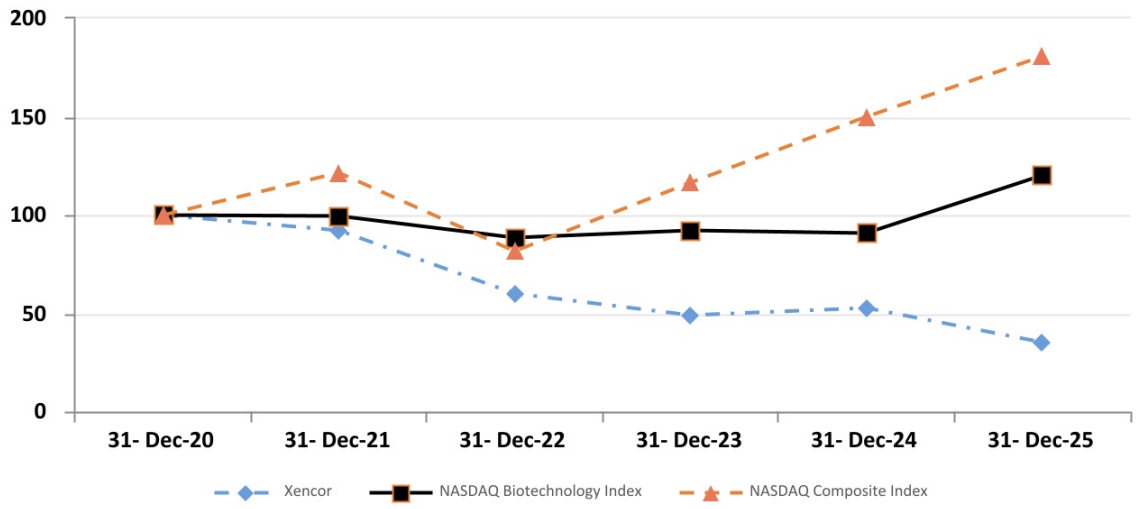
Any future determination to declare cash dividends will be made at the discretion of the Company's board of directors, subject to applicable laws, and will depend on the Company's financial condition, results of operations, capital requirements, general business conditions and other factors that the board of directors may deem relevant.

Performance Graph

The performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that the Company specifically incorporates it by reference into such filing.

The graph compares the cumulative 5-year total return to stockholders on the Company's common stock relative to the cumulative total returns of the Nasdaq Composite Index and the Nasdaq Biotechnology Index. The Company selected the Nasdaq Biotechnology Index because it believes the index reflects the market conditions within the industry in which the Company primarily operates. The comparison of total return on investment, defined as the change in year-end stock price plus reinvested dividends, for each of the periods assumes that $100 was invested on December 31, 2020, in each of the Company's common stock, the Nasdaq Composite Index and the Nasdaq Biotechnology Index, with investment weighted on the basis of market capitalization.

Comparison of Five-Year Cumulative Total Return



Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 6. Reserved

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

The following discussion should be read in conjunction with the consolidated financial statements and accompanying notes included in Part II, Item 8 of this Form 10-K. This Item generally discusses 2025 and 2024 items and year-to-year comparisons between 2025 and 2024. Discussions of 2023 items and year-to-year comparisons between 2024 and 2023 are not included, and can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

OVERVIEW

As discussed in Part I, Item 1, Business, we are a clinical-stage biopharmaceutical company focused on discovering and developing engineered antibody therapeutics to treat patients with cancer and other serious diseases, who have unmet medical needs. Leveraging our proprietary protein engineering capabilities, including our XmAb® Fc domain technologies, we design and advance novel antibody-based drug candidates with improved functionality and therapeutic potential.

We advance selected candidates through clinical development, while also partnering with programs to access complementary development and commercialization capabilities. Our portfolio spans early- and mid-stage clinical programs, and our strategic approach emphasizes disciplined portfolio management, including advancing, partnering, or discontinuing programs based on clinical data and development priorities. Three marketed medicines have been developed using our XmAb technologies.

Refer to Part I, Item 1, Business, for a more detailed discussion of our business, technology platforms, pipeline, and key developments.

RESULTS OF OPERATIONS

The following table summarizes our results of operations for the following periods indicated:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
Revenues:			
License	$ —	$ 8,500	$ —
Milestone	45,300	34,500	88,500
Royalties	80,276	67,493	55,795
Collaboration	—	—	30,320
Total revenues	125,576	110,493	174,615
Operating expenses:			
Research and development	239,434	227,686	253,598
General and administrative	63,644	61,215	53,379
Total operating expenses	303,078	288,901	306,977
Operating loss	(177,502)	(178,408)	(132,362)
Other income (expense), net[(1)]	87,869	(56,515)	12,728
Loss before income tax expense and noncontrolling interest	$ (89,633)	$ (234,923)	$ (119,634)

(1) Other income (expense), net, included interest income, interest expense, gain/loss on marketable equity securities and asset impairment charges.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenues

Total revenue for the year ended December 31, 2025 increased by $15.1 million from the same period of 2024. The change was primarily driven by the revenue recognition associated with Alexion and Incyte license agreements as discussed below. See Note 2, Collaboration and Licensing Agreements of the Notes to Consolidated Financial Statements of Part II, "Item 8. Financial Statements and Schedule" for more information on revenue recognized under the collaboration and license agreements.

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

Under the Alexion Agreement, we recognized $70.1 million and $58.2 million of non-cash royalty revenue for the years ended December 31, 2025 and 2024, respectively.

Incyte: In June 2010, we entered into a Collaboration and License Agreement with MorphoSys AG, which was subsequently amended in 2012, 2020 and 2024 (as amended, the "MorphoSys Agreement"). The MorphoSys Agreement provides MorphoSys AG with an exclusive worldwide license to our patents and know-how to research, develop, and commercialize our 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, we are eligible to receive future milestone payments and royalties. In February 2024, Incyte assumed all of MorphoSys AG's right, title and interest under the MorphoSys Agreement.

In February 2025, the United States Food and Drug Administration ("FDA") accepted Incyte's submission of a supplemental biologics license application, triggering a $12.5 million milestone payment to the Company, and approved the application in June 2025, triggering an additional $25.0 million milestone payment to the Company. Both milestone payments were received by the Company in 2025. In addition, Incyte dosed two patients in a Phase 2 study on December 29, 2025, one patient with immune thrombocytopenia and one patient with autoimmune hemolytic anemia, triggering a $4.0 million milestone payment to the Company which was paid in January 2026.

In addition, under the MorphoSys Agreement, we recognized $10.2 million and $8.7 million of non-cash royalty revenue for the years ended December 31, 2025 and 2024.

Amgen: In September 2015, we entered into a Research and License Agreement (the "Amgen Agreement") with Amgen to develop and commercialize bispecific antibody product candidates using our proprietary XmAb® bispecific Fc technology. In December 2024, Amgen initiated a Phase 3 clinical study of xaluritamig, which triggered a $30.0 million milestone payment received in January 2025.

Novartis: In June 2016, we entered into a Collaboration and License Agreement (the "Novartis Agreement") with Novartis to develop and commercialize bispecific and other Fc-engineered antibody product candidates using our proprietary XmAb® technologies. In 2024, Novartis initiated a Phase 2 clinical study for the Fc product candidate, resulting in $4.0 million of revenue recognized under the Novartis Agreement.

Mabgeek: On December 22, 2023, we entered into a Technology License Agreement with Mabgeek. On June 21, 2024, the parties entered into Amendment No. 1 to the Technology License Agreement (as amended, the "Mabgeek Agreement"). Under the Mabgeek Agreement, we received an upfront payment of $1.5 million, which was recognized as revenue, and is eligible to receive royalties in the low single digits on net sales of approved products. We evaluated the Mabgeek Agreement and determined that it contains a single performance obligation—access to a non-exclusive license to certain of our patents, which was transferred to Mabgeek in June 2024. Mabgeek's Phase 3 study achieved the milestone of database lock in Mainland China on November 20, 2025, triggering a $1.8 million milestone payment, which will be received in the first quarter of 2026.

Vir Bio: In 2019, we entered into a Patent License Agreement (the "Vir Bio Agreement") with Vir Bio, granting a non-exclusive license to our Xtend technology for up to two targets. In March 2025, Vir Bio initiated a Phase 3 study for tobevibart, triggering a $2.0 million milestone payment to us, which was paid in the second quarter of 2025.

Research and Development (R&D) Expenses

R&D expenses consist of external and internal costs incurred in the discovery and development of product candidates and new technologies. External R&D expenses primarily include costs for preclinical studies, clinical trials, and fees paid to third-party service providers, including CROs and CMOs, for activities such as clinical trial management, manufacturing and process development, IND-enabling toxicology studies, and formulation of clinical drug supplies. Internal R&D expenses primarily include salaries, benefits, and other personnel-related costs, supplies, and allocated overhead, including facility costs.

Clinical trial expenses may fluctuate from period to period due to changes in trial stage, patient enrollment, service provider costs, and the initiation or completion of clinical programs. We expect this variability to continue as our development programs progress. We expect future R&D expenses to increase compared to recent periods if we successfully advance our clinical-stage or preclinical programs into later stages of development.

Our R&D activities are primarily designed, managed, and evaluated internally, while certain activities—such as GLP toxicology studies, clinical trials and cGMP manufacturing—are conducted by CROs and CMOs. External R&D costs are tracked on a program-by-program basis, except during early research and discovery stages, when efforts are focused on identifying preclinical candidates and enhancing discovery platforms and technologies that are not attributable to a specific program. Costs related to these activities are assigned to distinct preclinical pipeline or technology development projects. Internal research and development costs are managed and reviewed on an aggregate basis and are therefore not presented at a program-specific level.

The following tables summarize our research and development expenses for the following periods indicated:

	Year Ended December 31,		
	2025	2024 [1]	2023 [1]
	(in thousands)		
External R&D expenses per program:			
XmAb819 (ENPP3 x CD3)	$ 23,119	$ 10,735	$ 6,808
XmAb657 (CD19 x CD3)	13,767	2,644	—
XmAb942 (Xtend TL1A)	13,419	18,654	946
XmAb541 (CLDN6 x CD3)	12,742	4,068	8,237
XmAb412 (TL1A x IL-23p19)	8,064	—	—
Plamotamab (CD20 x CD3)	7,229	6,015	1,787
XmAb808 (B7-H3 x CD28)	5,888	8,210	7,168
Other programs including research and early stage	18,229	28,037	40,407
Wind down costs of terminated programs	17,224	27,420	54,328
Total external R&D expenses	119,681	105,783	119,681
Internal R&D expenses	94,783	91,948	99,401
Stock based compensation	24,970	29,955	34,516
Total R&D expenses	$ 239,434	$ 227,686	$ 253,598

(1) We have retrospectively adjusted segment operating expenses for the years ended on December 31, 2024 and 2023 to reflect the significant segment expenses as currently reviewed by our CODM.

Total R&D expenses increased by $11.7 million for the year ended December 31, 2025, compared to the same period in 2024. The increase was primarily driven by higher external and internal costs incurred associated with the programs listed above, which are aligned with our strategic research and development priorities, partially offset by lower stock-based compensation expense in the current period. R&D expenses may fluctuate from period to period depending on the timing, progress, and level of activity of each program.

General and Administrative Expenses

General and administrative expenses consist of salaries, stock compensation, professional services related to legal, audit, consulting, patent filings, business insurance and technology expenses, facilities, and depreciation and amortization. General and administrative expenses for the year ended December 31, 2025 remained relatively consistent with the same period in 2024.

Other Income (Expense)

Other income (expense) primarily consists of interest income and expense, gains and losses on marketable equity securities, and asset impairment charges. Other income increased by $144.4 million for the year ended December 31, 2025 compared to the same period in 2024.

The change for the year ended December 31, 2025, was primarily driven by a combination of realized and unrealized gains from the marketable equity securities. In addition, impairment charges of $20.4 million were recognized in the first quarter of 2024 related to an equity interest in a private biotechnology company.

LIQUIDITY AND CAPITAL RESOURCES

We have historically financed our operations through payments received from product development partnerships and licensing arrangements, private placements of equity securities, and public offerings of common stock. Research and

development activities have required significant capital investment since the Company's inception and are expected to continue to require significant cash expenditure as the Company's pipeline continues to expand.

As of December 31, 2025, we had $610.8 million of cash, cash equivalents, and marketable debt securities compared to $706.7 million as of December 31, 2024.

On February 27, 2023, we entered into an open market sale agreement (the "Sales Agreement"), pursuant to which we may, from time to time, offer and sell up to $200.0 million in shares of our common stock through SVB Securities LLC, acting as the sales agent. As of December 31, 2025, no shares have been issued under the Sales Agreement.

We expect to continue receiving payments from our collaborators for potential additional milestones, opt-ins, contingent payments, royalties, and research and development services rendered, if any. The receipt of future milestone and contingent payments is dependent on the achievement of certain research and development milestones by us or our partners and, as such, remains uncertain at this time.

We believe our current financial resources are sufficient to fund our operations through at least the next twelve months from the date of the issuance of these consolidated financial statements.

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 will ever 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 and additional clinical and preclinical development of product candidates in our pipeline and candidates that we are co-developing with our partners.

Although it is difficult to predict our funding requirements, based upon our current operating plan, we expect that our existing cash, cash equivalents, marketable securities and certain potential milestone payments will fund our operating expenses and capital expenditure requirements through 2028. 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.

Cash Flows

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

	Year Ended December 31,		
	2025	**2024**	**2023**
Cash Flow from:			
Operating activities	$ (135,117)	$ (202,188)	$ (77,926)
Investing activities	139,985	(7,872)	(111,065)
Financing activities	8,232	197,152	189,219
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ 13,100	$ (12,908)	$ 228

During the year ended December 31, 2025, cash flow used in operating activities was $135.1 million, which was primarily due to the ongoing expenses related to our research and development programs and general and administrative expenses. While overall operating expenditures remained consistent with the prior year, the change was primarily driven by higher milestone receipts in 2025, including $30.0 million received from Amgen during the year ended December 31, 2025, which had been recognized as revenue in December 2024. Cash provided by investing activities amounted to $140.0 million, primarily reflecting proceeds of $442.0 million from sales and maturities of marketable securities, offset by purchases of marketable securities totaling $298.9 million. Cash provided by financing activities of $8.2 million was primarily related to cash received from stock option exercises and the issuance of common stock under the ESPP, offset by payments to acquire non-controlling interest.

Contractual Obligations and Commitments

We are party to other contracts associated with ongoing business activities that will result in cash payments to counterparties in future periods. Based on our current operating plan, we believe that our cash and cash equivalents and marketable debt securities as of December 31, 2025 will be sufficient to satisfy our near-term capital and operating needs. Recent and expected working capital and other capital requirements include the items described below.

- For information related to our future commitments for collaboration and licensing agreements, see Note 2 of Notes to our consolidated financial statements included in "Item 8. Financial Statements and Schedules."

- We have entered into various in-license and technology agreements that require future payments upon the achievement of specified development, regulatory, and sales milestones, as well as royalties on commercial sales. These obligations are contingent on the successful development and commercialization of the related programs, and the timing and amount of any such payments are not currently probable or reasonably estimable.
- Amounts related to future lease payments for operating lease obligations on an undiscounted basis at December 31, 2025 totaled $94.6 million, with $7.8 million expected to be paid within the next 12 months.
- We have not entered into, nor do we currently have, any off-balance sheet arrangements (as defined under SEC rules).

CRITICAL ACCOUNTING ESTIMATES

Our discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, we reconsider and evaluate our estimates and assumptions. We base our estimates on historical experience, current trends and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could materially differ from any of our estimates under different assumptions or conditions. Our significant accounting policies are discussed in Note 1 of Notes to our consolidated financial statements included in "Item 8. Financial Statements and Schedules." We believe the accounting estimates listed below are the most critical to aid in fully understanding and evaluating our reported financial results, and they require our most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain.

Revenue Recognition

Revenues are recognized when control of our services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services. We determine revenue recognition through the following steps: (1) Identification of the contract, or contracts, with a customer; (2) Identification of the performance obligations in the contract; (3) Determination of the transaction price; (4) Allocation of the transaction price to the performance obligations in the contract; and (5) Recognition of revenue when, or as, we satisfy a performance obligation. We have not made any material changes in the accounting methodology we use to recognize revenue during the year ended December 31, 2025.

Judgment and Uncertainties: Our revenue recognition accounting methodology involves significant judgments and estimates, particularly for collaboration and licensing agreements, which often include multiple performance obligations, variable consideration in the form of milestone payments, and royalties on future product sales. In applying this methodology, we are required to exercise judgment and make estimates to, among other things: (1) determine whether multiple obligations are distinct and should be accounted for as separate performance obligations; (2) estimate the standalone selling price of each performance obligation; (3) allocate the transaction price among performance obligations based on relative standalone selling prices; and (4) determine whether revenue should be recognized at a point in time or over time for each performance obligation.

These judgments and estimates may change as additional information becomes available or as underlying assumptions are revised. Changes in these judgments or estimates could result in a material increase or decrease in the amount of revenue or deferred revenue recognized in a particular reporting period.

Accrued Research and Development Expenses

We record accrued expenses for research and development activities based on estimates of services provided to date by third-party vendors, including CROs, CMOs, preclinical research organizations, clinical sites, research institutions, and other service providers. Research and development expenses are recognized as incurred and are based on a combination of factors, including contractual terms, the progress of preclinical and clinical activities, patient enrollment and dosing, preclinical study progress, and information provided by our vendors. We have not made any material changes in the accounting methodology we use to recognize expense during the year ended December 31, 2025.

Judgment and Uncertainties: The process of estimating accrued research and development expenses involves significant judgment and is subject to inherent uncertainties. In particular, we are required to estimate the extent of services performed under our research and development agreements, including preclinical studies and clinical trials, when invoices

have not yet been received. These estimates are based on, among other things: (1) patient enrollment, dosing, and follow-up activities; (2) the timing and completion of preclinical and clinical milestones; (3) vendor-reported progress and data, which may be incomplete or subject to delay; and (4) assumptions regarding the rate at which services are rendered over the course of preclinical and clinical programs.

Actual costs incurred may differ materially from our estimates due to changes in preclinical or clinical development plans, patient enrollment rates, protocol amendments, site activation or closure, manufacturing requirements, study outcomes, or other factors outside of our control. Changes in these estimates could result in material adjustments to research and development expenses and accrued liabilities in future periods.

Liability Related to the Sale of Future Royalties

We have entered into arrangements that involve the sale of future royalty interests related to certain product candidates or partnered programs. Based on our evaluation of the terms of these arrangements, we account for the liability related to the sale of future royalties as a debt financing. The liability is initially recorded at its carrying value and subsequently measured using the effective interest method.

To amortize the royalty financing obligation, we apply the prospective method, which requires us to estimate future royalty payments over the life of the arrangement. Under this method, we periodically reassess our estimates of the amount and timing of expected royalty payments and determine a revised effective interest rate. The revised effective interest rate is the discount rate that equates the present value of the revised estimated remaining cash flows to the carrying amount of the liability and is used to recognize non-cash interest expense over the remaining term of the arrangement. We have not made any material changes in the accounting methodology we use to recognize non-cash interest expense related to the sale of future royalties during the year ended December 31, 2025.

Judgment and Uncertainties: The accounting for liabilities related to the sale of future royalties involves judgment and estimation. In particular, we are required to estimate future royalty payments, which depend on projected net product sales of the underlying products. These estimates are primarily based on externally available analyst consensus forecasts, rather than internally developed sales projections, and reflect market-based expectations for the underlying products.

Analyst consensus forecasts incorporate a number of key assumptions, including market size, patient population, product adoption and penetration, pricing, probability of technical and regulatory success, competitive dynamics, and other factors that may be outside of our control. While reliance on analyst consensus reduces subjectivity relative to internally generated forecasts, actual future royalty payments may differ materially from these estimates due to changes in market conditions, clinical or regulatory outcomes, competitive factors, or other uncertainties.

Accordingly, changes in the estimated amount or timing of expected royalty payments would result in prospective adjustments to the amortization of the liability and the effective interest rate, which could have a material impact on non-cash interest expense and the carrying value of the liability in future periods.

Stock-Based Compensation

We recognize stock-based compensation expense for equity awards, including stock options, restricted stock units (“RSUs”), and shares issued under the Employee Stock Purchase Plan (“ESPP”), based on the estimated grant-date fair value of the awards. Compensation expense is recognized on a straight-line basis over the requisite service period, generally the vesting period. We account for forfeitures as they occur.

The grant-date fair value of stock option awards is estimated using the Black-Scholes option pricing model, which requires the use of subjective assumptions, including expected term, expected volatility, risk-free interest rate, and expected dividend yield. Expected volatility and expected term are primarily based on our historical data and other relevant information, while the risk-free interest rate is based on U.S. Treasury yields in effect at the time of grant with a maturity commensurate with the expected term of the award. We do not assume any expected dividend yield, as we have not declared or paid dividends on our common stock. We have not made any material changes in the accounting methodology we use to recognize expense during the year ended December 31, 2025.

Judgment and Uncertainties: The valuation of stock-based awards and the resulting compensation expense involve significant judgment and estimation. Changes in assumptions used to estimate the fair value of stock options, particularly expected volatility and expected term, could result in materially different stock-based compensation expense. In addition, differences between actual forfeitures and our estimates, as well as changes in the timing or amount of equity awards granted, could impact the amount and timing of stock-based compensation expense recognized in future periods.

Changes in these assumptions or estimates, or differences between actual outcomes and our assumptions, could result in a material increase or decrease in the amount of stock-based compensation expense recognized in a particular period, which could materially affect our operating expenses and results of operations.

Income Taxes

We account for income taxes using the asset and liability method, which requires us to make estimates and judgments in determining our current and deferred tax assets and liabilities. Deferred tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. We assess the realizability of our deferred tax assets and record a valuation allowance when it is more likely than not that some or all of the deferred tax assets will not be realized. We have not made any material changes in the accounting methodology used to assess income taxes during the year ended December 31, 2025.

We also evaluate uncertain tax positions and recognize a liability for unrecognized tax benefits when it is more likely than not that a tax position will not be sustained upon examination by taxing authorities. The amount recognized represents the largest benefit that is more than 50% likely to be realized upon ultimate settlement.

Judgment and Uncertainties: The determination of our income tax provision and related balances involves significant judgment and estimation. These judgments include, among other things, the evaluation of uncertain tax positions, the measurement of deferred tax assets and liabilities, and the assessment of the need for and amount of any valuation allowance. In assessing the realizability of deferred tax assets, we consider all available positive and negative evidence, including our history of operating losses, expectations of future taxable income, the scheduled reversal of deferred tax liabilities, and available tax planning strategies.

Our income tax provision and effective tax rate may also be affected by changes in tax laws or regulations, the geographic distribution of income or losses, the outcome of tax audits, and the ultimate utilization of tax credits and net operating loss carryforwards. Changes in estimates or assumptions related to these matters could result in a material adjustment to our income tax provision, deferred tax assets or liabilities, or valuation allowance in future periods.

Recently Issued Accounting Pronouncements

For a discussion of the impact that recently issued accounting pronouncements are expected to have on our financial position and results of operations when adopted in the future, see Note 1 of Notes to our consolidated financial statements included in "Item 8. Financial Statements and Schedules."

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks primarily related to changes in interest rates arising from our investing activities. Our cash, cash equivalents and marketable securities are subject to interest rate risk, which may affect interest income and, to a lesser extent, the fair value of our investment portfolio. Adverse changes in interest rates may occur as a result of changes in market liquidity, credit conditions or general economic factors.

Our investment activities are governed by our Investment Policy, which is designed to preserve principal, maintain liquidity to meet operational needs and optimize investment returns within acceptable risk parameters. Under this policy, we primarily invest in high-quality corporate securities and U.S. government agencies with strong credit ratings. We classify our marketable securities as available-for-sale, which provides flexibility to manage our portfolio in response to market conditions, liquidity needs and investment opportunities.

Due to the relatively short-term nature and conservative risk profile of our investment portfolio, we do not believe that a sudden change in market interest rates would have a material adverse effect on the fair value of our investments, results of operations or cash flows. Accordingly, an immediate change in interest rates would not be expected to materially impact our financial condition.

We do not believe that our cash, cash equivalents and marketable securities are subject to significant risk of default or illiquidity. However, we maintain balances at financial institutions that may exceed federally insured limits, and while management believes these institutions are creditworthy, we cannot provide assurance that future adverse events will not affect the value or liquidity of such holdings.

Item 8. Financial Statements and Schedules

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

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

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheet of Xencor, Inc. and subsidiary (the Company) as of December 31, 2025, the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for the year then ended, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited the adjustments to the 2024 and 2023 consolidated financial statements to retrospectively apply the change in segment composition, as described in Note 14. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 or 2023 consolidated financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2024 or 2023 consolidated financial statements taken as a whole.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audit of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and

directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Sufficiency of audit evidence over the liability related to the sale of future royalties

As discussed in Notes 1 and 6 to the consolidated financial statements, the Company records the liability under the Ultomiris Royalty Sale Agreement with OCM Life Sciences Portfolio LP at carrying value using the effective interest method. The liability and related interest expense are based on current estimates of future royalties to be paid over the life of the agreement. The Company periodically reassesses the estimate of total future royalty payments and prospectively adjusts the effective interest rate used to recognize non-cash interest expense. The liability related to the sale of future royalties was $119.7 million as of December 31, 2025.

We identified the evaluation of the sufficiency of audit evidence over the carrying value of the liability related to the sale of future royalties as a critical audit matter. Subjective auditor judgment was required to evaluate the sufficiency of audit evidence obtained because of the level of audit effort associated with evaluating the carrying value of the liability related to the sale of future royalties.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over the carrying value of the liability related to the sale of future royalties. We evaluated the design and tested the operating effectiveness of certain internal controls related to management's valuation process, including the determination of future royalties to be paid. We inspected and reviewed the key terms of the Ultomiris Royalty Sale Agreement and assessed the relevance and reliability of the third-party data used in management's estimation of royalties on future sales of Ultomiris. We performed sensitivity analyses over the estimated Ultomiris future royalties and evaluated the impact of changes in the estimated future royalties on the carrying value of the liability. We evaluated the sufficiency of audit evidence obtained by assessing the cumulative results of the audit procedures and potential bias in the accounting estimate, including the appropriateness of the nature and extent of such evidence.

Evaluation of accrued research and development costs

As discussed in Note 1 to the consolidated financial statements, the Company engages other entities that conduct certain research and development activities on its behalf. The Company estimates preclinical and clinical trial expenses based on the services performed according to the related agreements. Significant judgments and estimates are made by the Company to determine the costs incurred during the period that have not been invoiced.

We identified the evaluation of certain accrued research and development costs as a critical audit matter. Challenging auditor judgment was required to evaluate the nature and extent of evidence available to determine the degree of completion of research and development programs when the Company has not yet been invoiced or otherwise notified of the actual cost.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to management's research and development accrual process. We inquired with the Company's personnel responsible for overseeing the research and development activities to understand the contract terms together with related executed change orders and the progress of the activities including project milestones. For certain accrued research and development costs, we evaluated management's estimate of the amount to be accrued by examining agreements, invoices, and third-party confirmations. We also examined payments processed after period end and evaluated whether services received prior to period end were included in the Company's estimate of costs incurred as of December 31, 2025.

KPMG LLP
We have served as the Company's auditor since 2025.

San Diego, California
February 25, 2026

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited, before the effects of the adjustments to retrospectively apply the changes in the Company's disclosures about segment reporting and related information in Note 14, the accompanying consolidated balance sheet of Xencor, Inc. and its subsidiary (the Company) as of December 31, 2024, the related consolidated statements of loss, comprehensive loss, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2024, and the related notes to the consolidated financial statements (collectively, the financial statements). The 2024 financial statements before the effects of the adjustments disclosed in Note 14 are not presented herein. In our opinion, before the effects of the adjustments to retrospectively apply the changes in the Company's disclosures about segment reporting and related information in Note 14, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to retrospectively apply the changes in the Company's disclosures about segment reporting and related information in Note 14 and, accordingly we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by other auditors.

Basis for Opinion

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

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

RSM US LLP

We served as the Company's auditor from 2015 to 2025.

Los Angeles, California
February 26, 2025

Xencor, Inc.
Consolidated Balance Sheets
(in thousands, except per share amounts)

	December 31,	
	2025	**2024**
Assets		
Current assets:		
Cash and cash equivalents	$ 54,073	$ 40,875
Marketable debt securities	381,158	408,971
Marketable equity securities	112,502	47,929
Accounts receivable	29,299	60,849
Prepaid expenses and other current assets	22,789	18,977
Total current assets	599,821	577,601
Restricted cash	289	387
Marketable debt securities - long term	175,602	256,833
Property and equipment, net	53,308	59,800
Right-of-use assets	37,592	38,341
Patents, licenses, and other intangible assets, net	8,385	18,485
Other assets	498	498
Total assets	$ 875,495	$ 951,945
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 10,828	$ 16,759
Accrued expenses	34,960	19,217
Income tax payable	3,589	—
Lease liabilities	3,263	3,009
Liabilities related to the sales of future royalties	43,267	48,447
Total current liabilities	95,907	87,432
Long-term tax liabilities	2,784	9,990
Lease liabilities, net of current portion	64,735	65,338
Liabilities related to the sales of future royalties, net of current portion	76,482	115,159
Total liabilities	239,908	277,919
Commitments and contingencies		
Noncontrolling interest and stockholders' equity		
Common stock, $0.01 par value: Authorized 200,000 shares Issued and outstanding 71,872 and 70,256 shares at December 31, 2025 and 2024, respectively	718	703
Additional paid-in capital	1,429,252	1,381,607
Accumulated other comprehensive income (loss)	1,576	(663)
Accumulated deficit	(795,959)	(704,036)
Total stockholders' equity attributable to Xencor, Inc.	635,587	677,611
Noncontrolling interest	—	(3,585)
Total noncontrolling interest and stockholders' equity	635,587	674,026
Total liabilities and stockholders' equity	$ 875,495	$ 951,945

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

Xencor, Inc.
Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except per share amounts)

	Year Ended December 31,		
	2025	**2024**	**2023**
Revenue			
Collaborations, milestones, and royalties	$ 125,576	$ 110,493	$ 174,615
Operating expenses:			
Research and development	239,434	227,686	253,598
General and administrative	63,644	61,215	53,379
Total operating expenses	303,078	288,901	306,977
Operating loss	(177,502)	(178,408)	(132,362)
Other income (expense):			
Interest income	27,524	31,930	19,331
Interest expense	(31,927)	(36,643)	(6,177)
Gain (loss) on marketable equity securities, net	101,514	(31,422)	(395)
Asset impairment charges	(9,169)	(20,430)	—
Other, net	(73)	50	(31)
Total other income (expense)	87,869	(56,515)	12,728
Loss before income tax expense and noncontrolling interest	(89,633)	(234,923)	(119,634)
Income tax expense	2,504	1,617	13,662
Net loss including noncontrolling interest	(92,137)	(236,540)	(133,296)
Net loss attributable to noncontrolling interest	(214)	(3,922)	(163)
Net loss attributable to Xencor, Inc.	**$ (91,923)**	**$ (232,618)**	**$ (133,133)**
Net loss per share attributable to Xencor, Inc. (basic and diluted)	$ (1.24)	$ (3.58)	$ (2.20)
Weighted-average shares used in calculating net loss per share (basic and diluted)	74,239	65,041	60,503
Other comprehensive income (loss), net of tax:			
Net unrealized gain (loss) on marketable debt securities	2,239	(1,954)	8,243
Comprehensive loss	$ (89,898)	$ (238,494)	$ (125,053)
Less: comprehensive loss attributable to the noncontrolling interest	(214)	(3,922)	(163)
Comprehensive loss attributable to Xencor, Inc.	$ (89,684)	$ (234,572)	$ (124,890)

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

Xencor, Inc.
Consolidated Statements of Stockholders' Equity
(in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Non-Controlling Interest	Totals
	Shares	Amount					
Balance, December 31, 2022	59,998	$ 601	$ 1,072,132	$ (6,952)	$ (338,285)	$ —	$ 727,496
Stock-based compensation	—	—	53,755	—	—	—	53,755
Exercise of stock options	344	3	3,409	—	—	—	3,412
Issuance of restricted stock units	558	6	(6)	—	—	—	—
Issuance of common stock under the Employee Stock Purchase Plan	98	1	1,976	—	—	—	1,977
Contribution from noncontrolling interest owners	—	—	—	—	—	500	500
Net unrealized gain on marketable debt securities	—	—	—	8,243	—	—	8,243
Net loss	—	—	—	—	(133,133)	(163)	(133,296)
Balance, December 31, 2023	60,998	$ 611	$ 1,131,266	$ 1,291	$ (471,418)	$ 337	$ 662,087
Stock-based compensation	—	—	53,281	—	—	—	53,281
Exercise of stock options	459	4	6,309	—	—	—	6,313
Issuance of restricted stock units	609	6	(6)	—	—	—	—
Issuance of common stock under the Employee Stock Purchase Plan	96	1	1,659	—	—	—	1,660
Issuance of common stock and pre-funded warrants, net of issuance cost	8,094	81	189,098	—	—	—	189,179
Net unrealized loss on marketable debt securities	—	—	—	(1,954)	—	—	(1,954)
Net loss	—	—	—	—	(232,618)	(3,922)	(236,540)
Balance, December 31, 2024	70,256	$ 703	$ 1,381,607	$ (663)	$ (704,036)	$ (3,585)	$ 674,026
Stock-based compensation	—	—	43,227	—	—	—	43,227
Exercise of stock options	645	6	8,661	—	—	—	8,667
Issuance of restricted stock units	844	8	(8)	—	—	—	—
Issuance of common stock under the Employee Stock Purchase Plan	127	1	1,289	—	—	—	1,290
Net unrealized gain on marketable debt securities	—	—	—	2,239	—	—	2,239
Purchase of noncontrolling interest	—	—	(5,524)	—	—	3,799	(1,725)
Net loss	—	—	—	—	(91,923)	(214)	(92,137)
Balance, December 31, 2025	71,872	$ 718	$ 1,429,252	$ 1,576	$ (795,959)	$ —	$ 635,587

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

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

	Year Ended December 31,		
	2025	**2024**	**2023**
Cash flows from operating activities			
Net loss including noncontrolling interest	$ (92,137)	$ (236,540)	$ (133,296)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	10,512	12,107	11,498
Accretion of discount on marketable debt securities, net	(3,481)	(16,044)	(13,635)
Stock-based compensation	43,227	53,281	53,755
Gain on sale of marketable securities, net	(14,388)	(37)	—
Change in fair value of marketable equity securities	(87,126)	31,422	395
Asset impairment charges	9,169	20,430	—
Non-cash royalty revenue related to the sale of future royalties	(80,266)	(66,906)	(14,575)
Non-cash interest expense on liabilities related to the sale of future royalties	31,921	36,593	6,153
Equity received in connection with license agreement	—	—	(10,000)
Abandonment of capitalized intangibles	—	2,329	1,267
Loss on disposal of assets	—	1,577	1,379
Changes in operating assets and liabilities:			
Accounts receivable	28,734	(32,673)	19,833
Interest receivable from marketable debt securities	2,622	(3,441)	(1,028)
Prepaid expenses and other assets	9,441	159	5,103
Accounts payable	(3,953)	2,845	3,826
Accrued expenses	13,796	(4,347)	4,836
Income taxes	3,589	(4,484)	13,633
Operating lease, net	400	1,541	3,250
Deferred revenue	—	—	(30,320)
Other assets and liabilities, net	(7,177)	—	—
Net cash used in operating activities	(135,117)	(202,188)	(77,926)
Cash flows from investing activities			
Purchase of marketable debt securities	(298,895)	(595,054)	(782,905)
Purchase of property and equipment	(3,150)	(6,097)	(18,448)
Purchase of patents	—	(3,415)	(2,803)
Proceeds from sales of marketable equity securities	36,941	6,640	—
Proceeds from sales and maturities of marketable debt securities	405,089	590,054	693,090
Proceeds from sale of property and equipment	—	—	1
Net cash provided by (used in) investing activities	139,985	(7,872)	(111,065)
Cash flows from financing activities			
Proceeds from the exercises of stock options	8,667	6,313	3,412
Proceeds from issuance of common stock under the Employee Stock Purchase Plan	1,290	1,660	1,977
Proceeds from issuance of common stock and pre-funded warrants	—	201,256	—
Common stock and pre-funded warrants issuance costs	—	(12,077)	—
Proceeds from the sale of future royalties	—	—	183,330
Proceeds from noncontrolling interest	—	—	500
Cash paid to acquire noncontrolling interest	(1,725)	—	—
Net cash provided by financing activities	8,232	197,152	189,219
Net increase (decrease) in cash, cash equivalents, and restricted cash	13,100	(12,908)	228
Cash, cash equivalents, and restricted cash, beginning of period	41,262	54,170	53,942
Cash, cash equivalents, and restricted cash, end of period	$ 54,362	$ 41,262	$ 54,170

Xencor, Inc.
Consolidated Statements of Cash Flows - (Continued)
(in thousands)

	Year Ended December 31,		
	2025	2024	2023
Supplemental disclosure of cash flow information			
Interest paid	$ 5	$ 33	$ 22
Income taxes paid	$ 7,312	$ 6,100	$ —

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

1. Organization and Summary of Significant Accounting Policies

Organization

Xencor, Inc. (the "Company") was incorporated in California in 1997 and reincorporated in Delaware in September 2004. The Company is a clinical-stage biopharmaceutical company focused on discovering and developing engineered antibody therapeutics to treat patients with cancer and autoimmune diseases, who have unmet medical needs. The Company uses its protein engineering capabilities to design new technologies and XmAb® drug candidates with improved properties. The Company advances these candidates into clinical-stage development, where the Company is conducting Phase 1 and Phase 2 studies for a broad portfolio of programs. Based on the results of these studies, the Company determines which programs to advance into later stages of development and potentially commercialization, which to partner in order to access complementary resources to optimize development, and which to discontinue.

Consolidation and Basis of Presentation

The consolidated financial statements of Xencor, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). In the opinion of management, all material adjustments of a normal recurring nature have been made to present fairly the Company's financial position, the results of operations and cash flows for the periods presented. All intercompany transactions and balances have been eliminated.

Gale Therapeutics Inc. ("Gale")

The consolidated financial statements included the accounts of Xencor, Inc. and Gale, a variable interest entity for which the Company was the primary beneficiary. Up through January 20, 2025, the Company owned or was exposed to less than 100% of the economics, and accordingly, the Company recorded net loss attributable to noncontrolling interests in its consolidated statements of operations and comprehensive loss equal to the percentage of the economic or ownership interests retained in such entity by the respective noncontrolling party. Effective January 20, 2025, the Company obtained 100% of the economic interests in Gale and no longer recognized a noncontrolling interest in its consolidated financial statements.

Effective April 29, 2025, Gale was merged into the Company in a transaction between entities under common control. The Company completed a common-control transfer of assets and liabilities with Gale. The assets and liabilities were recognized at historical carrying amounts; no fair value measurement was applied. This transaction did not result in a change in reporting entity and was accounted for prospectively, with no adjustments to prior periods.

Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and on various other assumptions that it believes to be reasonable. Actual results could materially differ from those estimates. Changes in estimates are reflected in reported results in the period in which they become known.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments purchased with original maturities of 90 days or less from the date of purchase to be cash equivalents. As of December 31, 2025 and 2024, the Company's cash equivalents comprised of money market funds with maturities less than 90 days from the date of purchase. Cash equivalents are reported at fair value.

As part of the San Diego facility lease, the Company issued a letter of credit to the landlord, secured by a cash collateral account classified as restricted cash on the consolidated balance sheets. The amount of the letter of credit decreases over the lease term. As of December 31, 2025, the outstanding letter of credit was $0.3 million.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	December 31,	
	2025	2024
	(in thousands)	
Cash and cash equivalents	$ 54,073	$ 40,875
Restricted cash	289	387
Total cash, cash equivalents and restricted cash	$ 54,362	$ 41,262

Marketable Debt and Equity Securities

The Company classifies all marketable debt securities as available-for-sale, as such securities may be required to be sold prior to maturity. Management determines the appropriate classification at the time of purchase. Marketable debt securities with original maturities greater than three months and remaining maturities of twelve months or less as of the balance sheet date are classified as short-term marketable debt securities.

Available-for-sale securities are carried at fair value, with unrealized gains and losses recorded as a component of other comprehensive income (loss) until realized. The amortized cost of these securities is adjusted for the amortization of premiums and accretion of discounts to maturity, which are included in interest income.

The Company regularly evaluates its marketable debt securities for declines in fair value. In assessing whether a decline represents a credit-related impairment, the Company considers, among other factors, the creditworthiness of the issuer, the severity and duration of the unrealized loss, and whether the Company intends or is more likely than not required to sell the security before recovery of its amortized cost basis. Credit-related losses are recognized in net income, while non-credit-related losses are recorded in other comprehensive income (loss). Realized gains and losses are included in other income (expense), and the cost of securities sold is determined using the specific identification method. Interest and dividends earned on available-for-sale securities are included in interest income.

Accrued interest on available-for-sale debt securities is recorded in prepaid expenses and other current assets on the Company's consolidated balance sheets. For purposes of measuring credit-related impairments, the Company excludes accrued interest from the amortized cost basis and fair value of available-for-sale securities and does not record an allowance for credit losses on accrued interest. Any uncollectible accrued interest would be written off as a reversal of interest income in the period it is determined to be uncollectible. To date, no accrued interest has been written off.

The Company also holds equity securities in publicly traded biotechnology companies that were received in connection with certain licensing transactions with its partners. These equity securities are measured at fair value, with changes in fair value recognized in earnings and reported in the consolidated statements of operations. Equity securities with readily determinable fair values are measured at each reporting period until the investment is sold or otherwise disposed of. Upon sale or disposition of an equity security, any realized gains or losses are recognized in the consolidated statements of operations in the period of sale. As of December 31, 2025 and 2024, all of the Company’s holdings of equity securities were publicly traded and had readily determinable fair values.

See Note 3. Marketable Securities and Note 4. Fair Value Measurement for additional information.

Accounts Receivable

Accounts receivable primarily consist of royalty and milestone receivables from the Company’s license and collaboration agreements, as well as receivables arising from cost-sharing development activities. Payment terms under the Company’s agreements generally require settlement within 30 to 60 days.

The Company evaluates accounts receivable for expected credit losses in accordance with Accounting Standards Codification 326, *Financial Instruments – Credit Losses*. As of December 31, 2025 and 2024, based on this evaluation, the Company determined that an allowance for credit losses was not material and, accordingly, no allowance was recorded.

Concentrations of Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, marketable securities, and accounts receivable.

Cash and cash equivalents and restricted cash are maintained at reputable financial institutions, and balances may at times exceed federally insured limits. The Company has not experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at December 31, 2025 and 2024 approximated $54.1 million and $40.8 million, respectively. The Company also invests excess cash in corporate debt securities and government securities with strong credit ratings. The Company has established guidelines related to diversification and maturities designed to maintain safety

and liquidity and periodically reviews and modifies these guidelines to respond to trends in yields and interest rates without compromising safety or liquidity.

Concentrations of credit risk related to accounts receivable arise from the Company's licensing and collaboration agreements. As of December 31, 2025 and 2024, receivables from two customers represented approximately 91% and 76% of the Company's total accounts receivable, respectively. No other customer accounted for more than 10% of total accounts receivable at December 31, 2025 or 2024.

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation, with depreciation commencing when the asset is placed in service. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. Upon disposition, the cost and accumulated depreciation of assets retired or sold are removed from the respective asset category, and any gain or loss is recognized in the Company's consolidated statement of operations. The estimated useful lives of property and equipment are as follows (in years):

	Estimated Useful Lives
Research equipment	5
Furniture and fixtures	5
Computers and software	1 to 3
Leasehold Improvements	Shorter of asset life or remaining lease term

The Company periodically assesses long-lived assets or asset groups, including property and equipment, for recoverability when events or changes in circumstances indicate that their carrying amounts may not be recoverable. If the Company identifies an indicator of impairment, the Company assesses recoverability by comparing the carrying amount of the asset to the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset. An impairment loss is recognized when the carrying amount is not recoverable and is measured as the excess of carrying value over fair value. There were no impairment charges during the years ended December 31, 2025, 2024, and 2023.

Patents, Licenses, and Other Intangible Assets

Patents, licenses and other intangible assets with definite useful lives are amortized on a straight-line basis over their useful lives, ranging from 2 to 27 years. Third-party costs incurred for acquiring patents are capitalized if there is a determined future economic benefit; otherwise, the Company expenses costs as incurred in connection with patent applications (including direct application fees, and the legal and consulting expenses related to making such applications) in general and administrative expenses in the consolidated statements of operations and comprehensive loss.

The Company reviews its intellectual property on a regular basis to determine if there are changes in the estimated useful life of issued patents and if any capitalized costs for unissued patents should be abandoned. Capitalized patent costs related to abandoned patent filings are charged off in the period of the decision to abandon. Abandonment charges for the years ended 2025, 2024 and 2023 were $0, $2.3 million and $1.3 million, respectively.

Liabilities Related to the Sales of Future Royalties

The Company accounts for proceeds received from the sale of future royalties as financial liabilities in accordance with the debt classification model. These liabilities are amortized using the effective interest method over the estimated life of the royalty sale agreements based on the Company's current estimate of future royalty payments to be made to OMERS.

The excess of the total expected royalty payments over the net proceeds received is recognized as non-cash interest expense over the life of the liability. Interest is imputed on the unamortized portion of the liability using the effective interest method and is recorded based on the timing of royalty payments to be made to OMERS over the term of the royalty sale agreement. The effective interest rate is affected by the timing and amount of forecasted royalty payments.

The Company's estimate of future royalty payments is reviewed quarterly. Because the effective interest rate is dependent on the timing and amount of forecasted revenue, any significant changes in those estimates result in a prospective adjustment to the effective interest rate and related interest expense. Under the prospective method, a revised effective interest rate is determined based on the updated estimate of remaining cash flows and represents the discount rate that equates the present value of the revised estimated cash flows to the carrying amount of the liability at the date of revision. The revised rate is applied prospectively to recognize non-cash interest expense over the remaining term of the arrangement. Royalty revenue continues to be recognized as earned, and royalty payments made to the counterparty are recorded as a reduction of the liability when paid and are not recognized as a component of the Company's revenue. For further information regarding the terms and carrying values of these instruments, see Note 6.

Revenue Recognition

The revenue standard provides a five-step framework for recognizing revenue as control of promised goods or services is transferred to a customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To determine revenue recognition, the Company performs the following five steps: (i) identify the contract; (ii) identify the performance obligations; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. At contract inception, the Company assesses whether the goods or services promised within each contract are distinct and, therefore, represent a separate performance obligation, or whether they are not distinct and are combined with other goods and services. The Company then determines the transaction price, allocates the transaction price to the performance obligations, and recognizes revenue when (or as) each performance obligation is satisfied.

Upfront license payments are recognized as revenue upon delivery of the license, provided the license is determined to be distinct from other performance obligations in the contract and the customer has the ability to use and benefit from the license. Other performance obligations typically include research and development services. If a license is not distinct, the license and related services are combined into a single performance obligation, and revenue is recognized either at a point in time or over time, depending on the nature of the combined performance obligation. For performance obligations satisfied over time, the Company recognizes revenue using a measure of progress that reflects the transfer of control of goods or services to the customer and reassesses this measure each reporting period.

Collaboration agreements may also provide for milestone payments and royalties. Milestones are generally categorized as development, regulatory, or sales-based milestones. The Company includes milestone and royalty consideration in the transaction price only to the extent that it is probable that a significant reversal of cumulative revenue recognized will not occur. Consideration that meets this threshold is included in the transaction price using the most likely amount method; amounts that do not meet this threshold are excluded until the uncertainty is resolved. The Company reassesses this estimate each reporting period and records any changes to the transaction price on a cumulative catch-up basis.

Milestone payments that were excluded from the transaction price due to the variable consideration constraint are recognized as revenue in the period in which the uncertainty is resolved. If a milestone is achieved during the performance period, revenue is recognized based on the extent of performance completed, with any remaining amount recorded as deferred revenue. Sales-based or usage-based royalties related to licenses of intellectual property are recognized at the later of when the related sales occur or when the associated performance obligation has been satisfied, in accordance with the sales-based royalty exception.

Research and Development ("R&D") Expense and Accrued R&D Expenses

R&D expenses are expensed as incurred and include costs for the Company's internal research activities as well as fees paid to third-party vendors, including clinical research organizations ("CROs"), contract manufacturing organizations ("CMOs"), preclinical research organizations, clinical sites, research institutions, and other service providers. R&D expenses consist primarily of salaries and benefits, including stock-based compensation, laboratory supplies, facilities and applicable overhead costs, external services, clinical trial and manufacturing costs, and fees paid to third parties that conduct research and development activities on the Company's behalf.

The Company records accrued R&D expenses for services that have been performed but not yet invoiced based on estimates of the services provided to date. Accruals are determined using available information, including contractual terms, the progress of preclinical and clinical activities, patient enrollment and dosing information, preclinical study progress, and communications with third-party vendors regarding services rendered. Estimates are adjusted as additional information becomes available or as invoices are received, and such adjustments are recorded in the period in which the information becomes known.

Payments made for R&D services prior to the services being rendered are recorded as prepaid assets in the consolidated balance sheets and expensed as the related services are performed.

Leases

The Company determines whether a contract is, or contains, a lease at inception. All of the Company's leases are classified as operating leases. Leases with terms greater than one-year are recognized on the Company's consolidated balance sheets as right-of-use assets that represent the Company's right to use an underlying asset for the lease term, and lease liabilities that represent its obligation to make lease payments arising from the lease. Lease assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the expected lease

term. As of December 31, 2025 and 2024, the Company is not reasonably certain that it will exercise renewal options for any lease facilities. Therefore, these options are not included in the right-of-use assets and liabilities.

The interest rate implicit in lease contracts is typically not readily determinable. As such, the Company utilizes the appropriate incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis an amount equal to the lease payments over a similar term and in a similar economic environment. The Company records expense to recognize lease payments on a straight-line basis over the expected lease term. Costs determined to be variable and not based on an index or rate are not included in the measurement of the lease liability and are expensed as incurred.

Stock-Based Compensation

Share-based compensation expense for all stock-based awards, including stock options, restricted stock units ("RSUs"), and shares issued under the Employee Stock Purchase Plan ("ESPP"), is measured based on the estimated grant-date fair value of the awards and recognized as compensation expense over the requisite service period, generally the vesting period, on a straight-line basis. The Company accounts for forfeitures as they occur.

The grant-date fair value of stock option awards is estimated using the Black-Scholes option pricing model, which requires the use of subjective assumptions, including expected term, expected volatility, risk-free interest rate, and expected dividend yield. Expected volatility and expected term are primarily based on the Company's historical data and other relevant information, while the risk-free interest rate is based on U.S. Treasury yields in effect at the time of grant with a maturity commensurate with the expected term of the award. The Company does not assume any expected dividend yield, as it has never declared or paid dividends on its common stock.

Income Taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial reporting basis and the respective tax basis of the Company's assets and liabilities, and expected benefits of utilizing net operating loss, capital loss, and tax-credit carryforwards. The Company assesses the likelihood that its deferred tax assets will be realized and, to the extent management does not believe these assets are more likely than not to be realized, a valuation allowance is established. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates or laws is recognized in earnings in the period that includes the enactment date. As of December 31, 2025 and 2024, the Company's deferred tax assets, consisting primarily of capitalized R&D under IRC Section 174, net operating loss carryforwards and research and development tax credit carryforwards, have been fully offset by a valuation allowance.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law, making permanent key elements of the Tax Cuts and Jobs Act, including 100% bonus depreciation, reinstating the option to expense domestic research and development costs, and increasing the limitation on business interest expense deduction. The Company has evaluated the impact of the new tax law on its financial condition and results of operations and determined it is not material to its effective income tax rate and net deferred federal income tax assets, as it continues to maintain a full valuation allowance.

Net Loss Per Share

Net loss per share is computed using the weighted-average number of common shares outstanding and pre-funded warrants during the period. Diluted earnings per share is computed using the weighted-average number and dilutive potential common shares outstanding during the period. Dilutive potential common shares primarily consist of outstanding stock options, restricted stock units and ESPP.

Comprehensive Loss

Comprehensive loss consists of net loss in excess of unrealized gains and losses on marketable debt securities. The Company displays comprehensive loss and its components as part of the consolidated statements of operations and comprehensive loss.

Segment Information

The Company operates as a single segment because its chief operating decision maker ("CODM") reviews operating results on an aggregate basis and manages its operations as a single operating segment.

Recent Accounting Pronouncements

In September 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-06, *Intangible - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Improvements to Internal-*

Use Software, to amend certain aspects of the accounting for and disclosure of software costs. This ASU will become effective for the Company beginning January 1, 2028, and is not expected to have a material impact on its consolidated financial statements or related disclosures.

In September 2025, the FASB issued ASU 2025-05, *Financial Instruments - Credit Losses (Subtopic 326): Practical Expedient for Reasonable and Supportable Forecasts,* which allows entities to elect a practical expedient that assumes current conditions as of the balance sheet date remain unchanged over the remaining life of the asset when developing reasonable and supportable forecasts used to estimate expected credit losses. This ASU will become effective for the Company beginning January 1, 2026, and is not expected to have a material impact on its consolidated financial statements or related disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. In January 2025, the FASB also issued ASU 2025-01, *Clarifying the Effective Date*, to provide further guidance on the transition period for the new requirements. These updates require entities to provide disaggregated disclosures of income statement expenses. These ASUs do not affect the expense captions presented on the face of the income statement but instead require the disaggregation of certain expense captions into specified categories within the footnotes to the financial statements. These ASUs will become effective for the Company beginning January 1, 2027, and the Company is currently evaluating the impact on its consolidated financial statements and related disclosures.

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires expanded disclosure of income tax rate reconciliation information and income taxes paid. The Company adopted this standard effective January 1, 2025, on a prospective basis. The adoption of this standard resulted in increased disclosures in the Company's consolidated financial statements but did not have a material impact on the Company's financial position, results of operations, or cash flows. See Note 11 – Income Taxes for the additional disclosures required by this ASU.

2. Collaboration and Licensing Agreements

The following table provides a summary of revenue recognized:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
Alexion	$ 70,070	$ 58,213	$ 64,891
Amgen	—	30,000	—
Gilead	—	—	6,000
Janssen	—	—	77,820
Incyte	51,696	8,693	8,700
Mabgeek	1,800	1,500	—
Novartis	—	4,000	—
Omeros	—	—	5,000
Vega	—	500	—
Vir Bio	2,010	587	2,204
Zenas	—	—	10,000
Third Party Licensee	—	7,000	—
Total	$ 125,576	$ 110,493	$ 174,615

The following table presents a disaggregation of revenue recognized during the periods indicated:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
License	$ —	$ 8,500	$ —
Milestone	45,300	34,500	88,500
Royalties	80,276	67,493	55,795
Collaboration	—	—	30,320
Total	$ 125,576	$ 110,493	$ 174,615

The following table summarizes the balance of receivables and contract liabilities related to the Company's collaboration and license agreements:

	December 31,	
	2025	2024
	(in thousands)	
Receivables included in accounts receivable	$ 29,299	$ 53,546
Contract liabilities included in deferred revenue	$ —	$ —

Alexion Pharmaceuticals, Inc. ("Alexion")

In January 2013, the Company entered into an Option and License Agreement (the "Alexion Agreement") with Alexion, which was acquired by AstraZeneca in 2021. 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®.

Under the Alexion Agreement, no further milestone payments are expected. The Company is entitled to receive royalties in the low single digits based on a percentage of net sales of Ultomiris sold by Alexion, its affiliates or its sublicensees. Alexion's royalty obligations apply on a product-by-product and country-by-country basis and continue until the expiration of the last-to-expire valid licensed patent covering the applicable product in such country. On December 9, 2025, a patent term extension related to the Xtend™ Fc domain for antibodies targeting C5 was announced, extending the expected royalty term for Ultomiris® net sales into December 2028 in the United States.

On November 3, 2023, the Company entered into a royalty sale agreement (the "Ultomiris Royalty Sale Agreement") with OCM Life Sciences Portfolio LP ("OMERS"), under which OMERS acquired the rights to certain royalties associated with the existing license relating to Ultomiris.

Under the Alexion Agreement, the Company recognized non-cash royalty revenue of $70.1 million, $58.2 million, and $12.5 million for the years ended December 31, 2025, 2024 and 2023, respectively, and cash royalty revenue of $32.4 million and milestone revenue of $20.0 million in 2023. As of December 31, 2025, the Company recorded $19.7 million in accounts receivable based on estimated royalties due under the arrangement. Payment of this receivable will be made directly to OMERS. See Note 6.

Amgen Inc. ("Amgen")

In September 2015, the Company entered into a Research and License Agreement (the "Amgen Agreement") with Amgen to develop and commercialize bispecific antibody product candidates using the Company's proprietary XmAb® bispecific Fc technology.

In December 2024, Amgen initiated a Phase 3 clinical study of xaluritamig, which triggered a $30.0 million milestone payment received by the Company in January 2025. Under the Amgen Agreement, the Company is eligible to receive up to $225.0 million in regulatory and sales milestone payments related to the xaluritamig program, as well as royalties on global net sales of approved products.

There were no contract assets and liabilities recorded as of December 31, 2025.

Gilead Sciences, Inc. ("Gilead")

In January 2020, the Company entered into a Technology License Agreement (the "Gilead Agreement") with Gilead, pursuant to which the Company granted Gilead an exclusive license to its Cytotoxic Fc and Xtend Fc technologies for an initial identified antibody and options for up to three additional antibodies directed to the same molecular target. Gilead is responsible for all development and commercialization activities for all target candidates.

The Company recognized $6.0 million in milestone revenue during fiscal 2023 upon the initiation of the first Phase 2 clinical trial for two licensed products. Under the Gilead Agreement, the Company received an upfront payment and is eligible to receive up to $128.0 million in development, regulatory, and sales milestone payments for each product incorporating the selected antibodies, as well as royalties in the low-single-digit percentage range on net sales of approved products.

There were no contract assets and liabilities recorded as of December 31, 2025.

Janssen Biotech, Inc., a Johnson & Johnson Company ("Janssen")

J&J Agreement

In November 2020, the Company entered into a Collaboration and License Agreement (the "J&J Agreement") with Janssen, to discover and develop novel CD28 bispecific antibody product candidates for the treatment of prostate cancer using the Company's XmAb bispecific antibody technology. Under the J&J Agreement, the parties conducted joint research activities, with Janssen retaining exclusive worldwide rights to develop and commercialize licensed products identified from the collaboration. The Company satisfied its research performance obligations under the J&J Agreement in 2021.

Under the J&J Agreement, the Company received an upfront payment and is eligible to receive up to $640.0 million in development, regulatory and sales milestone payments, as well as royalties on net sales of approved products ranging from the high-single-digit to low-double-digit percentages.

Second J&J Agreement

In October 2021, the Company entered into a second collaboration and license agreement with J&J (the "Second J&J Agreement"), pursuant to which Janssen received an exclusive worldwide license to develop, manufacture, and commercialize plamotamab, the Company's CD20 x CD3 bispecific antibody candidate. The parties also agreed to collaborate on additional CD28 bispecific antibody research, with Janssen holding exclusive development and commercialization rights, subject to certain opt-in rights by the Company.

Under the Second J&J Agreement, the Company received an upfront payment and is eligible to receive up to $636.3 million in development, regulatory and sales milestone payments, as well as tiered royalties on net sales of approved products. The Company completed its research performance obligations under the Second J&J Agreement in December

2023, and Janssen selected three CD20 x CD3 bispecific antibody candidates to conduct further development. In June 2024, Janssen notified the Company of its decision to terminate its rights to plamotamab.

The Company recognized $77.8 million of revenue related to the two J&J agreements for the year ended December 31, 2023. There were no contract assets or contract liabilities related to the J&J agreements as of December 31, 2025.

Incyte Corporation ("Incyte")

In June 2010, the Company entered into a Collaboration and License Agreement (the "MorphoSys Agreement") with MorphoSys AG ("MorphoSys"). Under the MorphoSys Agreement, the Company granted MorphoSys an exclusive worldwide license to its 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. In February 2024, Incyte assumed all of MorphoSys' right, title and interest in the MorphoSys Agreement and acquired exclusive global development and commercialization rights to tafasitamab. If certain developmental, regulatory and sales milestones are achieved, the Company is eligible to receive future milestone payments and royalties from Incyte.

In February 2025, the United States Food and Drug Administration ("FDA") accepted Incyte's submission of a supplemental biologics license application, triggering a $12.5 million milestone payment to the Company, and approved the application in June 2025, triggering an additional $25.0 million milestone payment to the Company. Both milestone payments were received by the Company in 2025. In addition, Incyte dosed two patients in a Phase 2 study on December 29, 2025, one patient with immune thrombocytopenia and one patient with autoimmune hemolytic anemia, triggering a $4.0 million milestone payment to the Company which was paid in January 2026.

Under the MorphoSys Agreement, the Company is eligible to receive up to $195.0 million in developmental, regulatory and sales milestones, as well as royalties on net sales, subject to the terms and conditions of the agreement.

On November 3, 2023, the Company entered into a royalty sale agreement (the "Monjuvi Royalty Sale Agreement") with OMERS, under which OMERS acquired the rights to certain royalties associated with the existing license relating to Incyte. The $41.5 million of milestone payments recognized by the Company in 2025 are not subject to the Monjuvi Royalty Sale Agreement.

Under the MorphoSys Agreement, the Company recognized non-cash royalty revenue of $10.2 million, $8.7 million, and $2.1 million for the years ended December 31, 2025, 2024 and 2023, respectively, and cash royalty revenue of $6.6 million in 2023. As of December 31, 2025, the Company recorded $3.0 million in accounts receivable based on estimated royalties due under the arrangement. Payment of this receivable will be made directly to OMERS. See Note 6.

Hunan Mabgeek Biotech Co., Ltd., formerly known as, Shanghai Mabgeek Biotech Co., Ltd. ("Mabgeek")

On December 22, 2023, the Company entered into a Technology License Agreement with Mabgeek. On June 21, 2024, the parties entered into Amendment No. 1 to the Technology License Agreement (as amended, the "Mabgeek Agreement"). Under the Mabgeek Agreement, the Company received an upfront payment of $1.5 million, which was recognized as revenue, and is eligible to receive royalties in the low single digits on net sales of approved products.

The Company evaluated the Mabgeek Agreement and determined that it contains a single performance obligation—access to a non-exclusive license to certain Company patents, which was transferred to Mabgeek in June 2024. Mabgeek's Phase 3 study achieved the milestone of database lock in Mainland China on November 20, 2025, triggering a $1.8 million milestone payment, which will be received in the first quarter of 2026.

Under the Mabgeek Agreement, the Company is eligible to receive up to $10.1 million in regulatory and sales milestone payments, as well as royalties on net sales, subject to the terms and conditions of the agreement. As of December 31, 2025, the Company recorded $1.8 million in accounts receivable and no liabilities.

Novartis Institute for Biomedical Research, Inc. ("Novartis")

In June 2016, the Company entered into a Collaboration and License Agreement (the "Novartis Agreement") with Novartis to develop and commercialize bispecific and other Fc-engineered antibody product candidates using the Company's proprietary XmAb® technologies.

In June 2021, Novartis selected an Fc product candidate and assumed full responsibility for its development and commercialization. In 2024, Novartis initiated a Phase 2 clinical study for the Fc product candidate, resulting in $4.0 million of revenue recognized under the Novartis Agreement.

Under the Novartis Agreement, the Company is eligible to receive up to $309.0 million in development, clinical, and sales milestone payments, as well as royalties on net sales of approved products.

As of December 31, 2025, there were no contract assets or liabilities related to the Novartis Agreement.

Novo Nordisk Health Care AG ("Novo Nordisk")

In August 2020, the Company entered into a Technology License Agreement (the "Omeros Agreement") with Omeros Corporation ("Omeros"), pursuant to which the Company granted Omeros rights to use the Company's Xtend Fc technology for certain antibody product candidates, including zaltenibart. In November 2025, Novo Nordisk acquired exclusive global development and commercialization rights to zaltenibart from Omeros, and the Omeros Agreement was assigned to Novo Nordisk. Under the Omeros Agreement, Novo Nordisk is responsible for all development and commercialization activities related to zaltenibart.

In 2023, Omeros advanced zaltenibart into a Phase 2 clinical study, resulting in $5.0 million of revenue under the Omeros Agreement. Under the Omeros Agreement, the Company is eligible to receive up to $60.0 million in development, clinical, and sales milestone payments, as well as royalties on net sales.

There were no contract assets or contract liabilities recorded as of December 31, 2025.

Vega Therapeutics, Inc. ("Vega")

In October 2021, the Company entered into a Technology License Agreement (the "Vega Agreement") with Vega, granting Vega a non-exclusive license to its Xtend Fc technology. In March 2024, Vega initiated a Phase 1 study, resulting in $0.5 million of revenue under the Vega Agreement.

Under the Vega Agreement, the Company is eligible to receive up to $30.0 million in developmental, regulatory and sales milestones, as well as royalties on net sales, subject to the terms and conditions of the agreement. There were no contract assets or contract liabilities related to the Vega Agreement as of December 31, 2025.

Vir Biotechnology, Inc. ("Vir Bio")

In 2019, the Company entered into a Patent License Agreement (the "Vir Bio Agreement") with Vir Bio, granting a non-exclusive license to its Xtend technology for up to two targets, including that of tobevibart. In March 2025, Vir Bio initiated a Phase 3 study for tobevibart, triggering a $2.0 million milestone payment to the Company, which was paid in the second quarter of 2025.

In March 2020, the Company entered into a second Patent License Agreement (the "Second Vir Bio Agreement") with Vir Bio, granting a non-exclusive license to its Xtend technology to extend the half-life of novel antibodies Vir Bio developed as potential treatments for patients with COVID-19, including sotrovimab. Under the terms of the Second Vir Bio Agreement, Vir Bio 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. Vir Bio and its marketing partner, GSK, began recording sales for sotrovimab beginning in June 2021. In March 2022, the FDA deauthorized sotrovimab's use in all U.S. regions due to increases in the proportion of COVID-19 cases caused by the Omicron BA.2 subvariant.

The Company recognized a nominal amount of royalty revenue for the year ended December 31, 2025, and $0.6 million and $2.2 million for the years ended December 31, 2024 and 2023, respectively. Under the Vir Bio Agreement, the Company is eligible to receive up to $65.0 million in developmental, regulatory and sales milestones, as well as royalties on net sales, subject to the terms and conditions of the agreement.

There were no contract assets or contract liabilities related to the Vir Bio Agreement as of December 31, 2025.

Zenas BioPharma, Inc. ("Zenas")

In November 2020, the Company entered into a License Agreement (the "Zenas Agreement") with Zenas, pursuant to which the Company granted Zenas exclusive worldwide rights to develop and commercialize three preclinical-stage Fc-engineered drug candidates.

In November 2021, the Company entered into a second license agreement (the "Second Zenas Agreement"), pursuant to which the Company granted Zenas exclusive worldwide rights to develop and commercialize obexelimab (XmAb5871). The Company satisfied its performance obligations under the Zenas agreements in 2021.

In 2023, Zenas initiated a Phase 3 clinical study of obexelimab, which triggered an equity-based milestone payment. The Company recognized $10.0 million of milestone revenue in 2023, representing the fair value of the equity shares received at the date of issuance. Under the two Zenas agreements, the Company received equity-based consideration and is eligible to receive up to $460.0 million in regulatory and sales milestones, as well as royalties on net sales of approved products in the mid-single-digit to mid-teen percentage range.

There were no contract assets or contract liabilities recorded as of December 31, 2025.

Third-Party License

In May 2024, the Company entered into a Patent License Agreement with a third-party licensee. The Company satisfied its performance obligation under the agreement, resulting in $7.0 million of revenue. There is no further obligation under this agreement.

3. Cash Equivalents, Marketable Debt and Equity Securities

Cash Equivalents and Marketable Debt Securities

The Company's marketable debt securities consisted of the following:

	As of December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Money market funds	$ 35,565	$ —	$ —	$ 35,565
Corporate securities	11,966	2	—	11,968
Government securities	543,208	1,584	—	544,792
	$ 590,739	$ 1,586	$ —	$ 592,325
Reported as				
Cash equivalents				$ 35,565
Marketable debt securities				556,760
Total				$ 592,325

	As of December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Money market funds	$ 26,180	$ —	$ —	$ 26,180
Corporate securities	142,688	185	—	142,873
Government securities	523,769	647	(1,485)	522,931
	$ 692,637	$ 832	$ (1,485)	$ 691,984
Reported as				
Cash equivalents				$ 26,180
Marketable debt securities				665,804
Total				$ 691,984

The following table summarizes the contract maturities of the Company's marketable debt securities as of December 31, 2025:

	Amortized Cost	Estimated Fair Value
	(in thousands)	
Mature in one year or less	$ 380,256	$ 381,158
Mature within two years	174,918	175,602
Total	$ 555,174	$ 556,760

The Company did not record any impairment losses on its marketable debt securities during the years ended December 31, 2025, 2024 and 2023.

Marketable Equity Securities

The Company's marketable equity securities consisted of the following:

	December 31,	
	2025	2024
	(in thousands)	
INmune Bio, Inc.	$ —	$ 8,805
Viridian Therapeutics, Inc.	—	13,748
Zenas BioPharma, Inc.	112,502	25,376
	$ 112,502	$ 47,929

During the year ended December 31, 2025, the Company sold its entire holdings in INmune Bio, Inc., consisting of 1,885,533 shares, for total proceeds of $13.8 million. During the same period, the Company also sold its entire holdings in Viridian Therapeutics, Inc., consisting of 717,144 shares, for total proceeds of $23.2 million.

Net realized and unrealized gains (losses) on marketable equity securities, recognized in other income (expense) in the consolidated statements of operations, were as follows:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
Total gains (losses) recorded on marketable equity securities	$ 101,514	$ (31,422)	$ (395)
Less: Gains recorded on sale of marketable equity securities	14,388	1,280	—
Unrealized gains (losses) on securities held at the reporting date	$ 87,126	$ (32,702)	$ (395)

The increase in unrealized gains for the year ended December 31, 2025 was primarily attributable to the higher fair value of the Company's equity investment in Zenas BioPharma, Inc.

No impairment losses were recognized on marketable equity securities during the years ended December 31, 2025 and 2023. The Company recorded impairment charges of $20.4 million related to equity securities without a readily determinable fair value during the year ended December 31, 2024.

4. Fair Value Measurement

The Company employs a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date using the exit price. Accordingly, when market observable data are not readily available, the Company's own assumptions are used to reflect those that market participants would be presumed to use in pricing the asset or liability at the measurement date.

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and accrued expenses, approximate fair value due to their short-term maturities.

Assets and liabilities recorded at fair value on the consolidated balance sheets are categorized based on the level of judgment associated with inputs used to measure their fair values and the level of market price observability, as follows:

Level 1 Unadjusted quoted prices are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 Pricing inputs are other than quoted prices in active markets, which are based on the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets; or
- Either directly or indirectly observable inputs as of the reporting date.

Level 3 Pricing inputs are unobservable and significant to the overall fair value measurement, and the determination of fair value requires significant management judgment or estimation.

In certain cases, inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. Thus, a Level 3 fair value

measurement may include inputs that are observable (Level 1 or Level 2) and unobservable (Level 3). The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the asset or liability.

The Company uses prices and inputs that are current as of the measurement date, including during periods of market disruption. In periods of market disruption, the ability to observe prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2, or from Level 2 to Level 3. The Company recognizes transfers between levels at either the actual date of the event or a change in circumstances that caused the transfer. There were no transfers during the years ended December 31, 2025 and 2024. At December 31, 2025 and 2024, the Company did not have any financial assets or financial liabilities based on Level 3 measurements.

The following table presents information about the Company's assets and liabilities measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation techniques utilized by the Company:

	December 31, 2025			
	Total Fair Value	Level 1	Level 2	Level 3
	(in thousands)			
Cash equivalents:				
Money market funds	$ 35,565	$ 35,565	$ —	$ —
Marketable debt securities:				
Corporate securities	11,968	—	11,968	—
Government securities	544,792	—	544,792	—
Marketable equity securities	112,502	112,502	—	—
Total financial assets	$ 704,827	$ 148,067	$ 556,760	$ —

	December 31, 2024			
	Total Fair Value	Level 1	Level 2	Level 3
	(in thousands)			
Cash equivalents:				
Money market funds	$ 26,180	$ 26,180	$ —	$ —
Marketable debt securities:				
Corporate securities	142,873	—	142,873	—
Government securities	522,931	—	522,931	—
Marketable equity securities	47,929	47,929	—	—
Total financial assets	$ 739,913	$ 74,109	$ 665,804	$ —

5. Balance Sheet Accounts

Property and Equipment

The following table summarizes the Company's major classes of property and equipment:

	December 31,	
	2025	2024
	(in thousands)	
Lab equipment	$ 43,749	$ 40,937
Computer, software and office equipment	2,003	2,131
Furniture and fixtures	128	128
Leasehold improvements	52,270	51,566
Construction in progress	6,630	7,217
Total gross carrying amount	104,780	101,979
Less: accumulated depreciation and amortization	(51,472)	(42,179)
Property and equipment, net	$ 53,308	$ 59,800

Depreciation and amortization expense for property and equipment for the years ended December 31, 2025, 2024 and 2023 was $9.6 million, $10.8 million and $10.1 million, respectively.

Patents, Licenses, and Other Intangible Assets

The following table summarizes the Company's patents, licenses, and other intangible assets:

	December 31,	
	2025	2024
	(in thousands)	
Patents	$ 10,784	$ 16,854
Licenses and other intangible assets	972	2,430
Total finite-lived assets	11,756	19,284
Indefinite-lived assets	4,147	10,795
Total gross carrying amount	15,903	30,079
Accumulated amortization	(7,518)	(11,594)
Total patents, licenses, and other intangible assets, net	$ 8,385	$ 18,485

Amortization expense was $0.9 million, $1.3 million, and $1.3 million for the years ended December 31, 2025, 2024, and 2023, respectively. None of these assets with definite useful lives are anticipated to have a residual value.

Patents, licenses and other intangible assets are reviewed annually for impairment and more frequently if potential impairment indicators exist. The Company recorded the asset impairment charges of $9.2 million during the year ended December 31, 2025, related to its decision to pause further development of certain programs and prioritize resources toward advancing other pipeline programs. As a result, associated patents related to the paused programs were impaired.

The following table presents the estimated future amortization expense related to definite-lived assets as of December 31, 2025:

Year ending December 31,	Amortization Expense (in thousands)
2026	$ 547
2027	705
2028	585
2029	375
2030	351
Thereafter	1,675
Total	$ 4,238

Accrued Expense

Accrued expenses consist of the following:

	December 31, 2025	December 31, 2024
	(in thousands)	
Accrued R&D expenses	$ 12,858	$ 2,324
Accrued payroll and benefits	20,209	14,849
Other	1,893	2,044
Total accrued expenses	$ 34,960	$ 19,217

6. Liabilities Related to the Sales of Future Royalties

Ultomiris Royalty Sale Agreement

On November 3, 2023, the Company and OMERS entered into the Ultomiris Royalty Sale Agreement. Pursuant to the Ultomiris Royalty Sale Agreement, OMERS acquired the rights to a portion of royalties and milestones earned after July 1, 2023 associated with the existing license relating to Ultomiris® (ravulizumab-cwvz) in exchange for an upfront payment of $192.5 million. Pursuant to the Ultomiris Royalty Sale Agreement and subject to the Company's existing license with Alexion, OMERS acquired the right to receive: (i) 100% of royalties payable on past and future sales related to Ultomiris that occur from July 1, 2023 through December 31, 2025; (ii) up to $35.0 million annually in royalties on future 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 future 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 a certain future sales based milestone payment pursuant to the existing license with Alexion, which was paid in the fourth quarter of 2023.

Monjuvi Royalty Sale Agreement

On November 3, 2023, the Company and OMERS entered into the Monjuvi Royalty Sale Agreement. Pursuant to the Monjuvi Royalty Sale Agreement, OMERS acquired the rights to a portion of royalties earned after July 1, 2023 associated with the existing license relating to Monjuvi®/Minjuvi® (tafasitamab-cxix) in exchange for an upfront payment of $22.5 million. Pursuant to the Monjuvi Royalty Sale Agreement and subject to the Company's existing license with Incyte, OMERS acquired the right to receive up to $29.3 million in royalties earned after July 1, 2023 related to sales of Monjuvi/Minjuvi, with any royalties in excess of $29.3 million paid to OMERS reverting to the Company.

The Company evaluated the terms of both Ultomiris and Monjuvi Royalty Sale Agreements and concluded, in accordance with the relevant accounting guidance, that these transactions are to be accounted for as debt, with the proceeds recorded as liabilities related to the sale of future royalties on its consolidated balance sheets.

The Company accounts for the royalty financing obligations in accordance with its accounting policy for the sale of future royalties, as described in Note 1. The obligations are recorded at carrying value and amortized using the effective interest method. The Company applies the prospective method to adjust the effective interest rate based on revised

estimates of future royalty payments. As of December 31, 2025, the estimated effective interest rates were 24.2% and 17.3% for Ultomiris and Monjuvi Royalty Sale Agreements, respectively.

The following table presents the activities with respect to the liabilities related to the sales of future royalties:

	December 31,	
	2025	2024
	(in thousands)	
Beginning balance	$ 163,606	189,483
Royalties owed to OMERS	—	834
Royalties paid to OMERS	(75,778)	(63,304)
Non-cash interest expense recognized	31,921	36,593
Ending balance	$ 119,749	$ 163,606
Current liabilities	43,267	48,447
Long-term liabilities	76,482	115,159
Total	$ 119,749	$ 163,606

7. Commitments and Contingencies

Litigation

From time to time, the Company may be subject to claims and legal proceedings arising in the ordinary course of business. The Company evaluates each matter and assesses its potential financial exposure. If the potential loss from a legal proceeding is considered probable and the amount can be reasonably estimated, the Company records an accrual for the estimated loss. Because the outcome of legal proceedings is inherently uncertain, significant judgment is required in assessing the likelihood of a loss and whether the amount is reasonably estimable. The Company's assessments and any recorded accruals are based on information available at the time of evaluation. As additional information becomes available, the Company re-evaluates its estimates and may adjust recorded liabilities accordingly.

The Company is currently a party to an action initiated by Merus N.V. ("Merus") in the District of Delaware alleging that the Company's manufacture, use, offer for sale, sale and/or importation of common light chain antibodies and heterodimeric antibodies infringes certain claims of Merus patents. Merus filed its complaint against the Company on August 5, 2024. Merus asserted claims of U.S. Patent Nos. 9,944,695, 9,358,286 and 11,926,859. Merus sought a judgment of patent infringement, an order enjoining the Company from infringing those patents, a damages award (together with interest), a declaration of willful infringement, and a finding that this case is exceptional. On October 10, 2024, the Company filed a motion to dismiss the Merus complaint with prejudice under Rule 12(b)(6), in which the Company argued that all of the activities accused of infringement are covered by the 35 U.S.C.§ 271(e)(1) safe harbor. Merus filed its response to the Company's motion on October 31, 2024, and the Company replied to Merus' response on November 14, 2024. On September 30, 2025, the Court granted the motion to dismiss Merus' complaint, but permitted Merus to file an amended complaint. On November 11, 2025, Merus filed a first amended complaint, and asserted claims of U.S. Patent Nos. 9,944,695, 9,358,286, 11,926,859, and 12,123,043. On December 16, 2025, the Company filed a motion to dismiss the first amended complaint on the same grounds previously asserted. Briefing on the motion to dismiss is ongoing, and the Court held a hearing on the motion to dismiss on February 17, 2026. On February 11, 2025, the Company filed for inter partes review of Merus' U.S. Patent Nos. 9,358,286 and 11,926,859 before the U.S. Patent and Trademark Office's Patent and Trial Appeal Board ("PTAB") seeking a finding that certain claims of those patents are unpatentable. On September 26, 2025, the U.S. Patent and Trademark Appeal Board granted institution of the *inter partes* review. A schedule for the *inter partes* review has been set, and oral argument is scheduled for June 24, 2026. The Company believes it has strong defenses to Merus' claims, including defenses of invalidity and/or non-infringement—some of which have already been accepted by the district court and preliminarily accepted by the PTAB, but there is no guarantee that the Company will ultimately prevail.

Commitments

The Company is party to certain license agreements that obligate it to make future payments to third parties, which may include sublicense fees, royalties and milestone payments contingent upon the achievement of specified development and commercialization events. Because the occurrence, timing and amounts of these potential payments are not currently

probable or reasonably estimable, they have not been recorded on the Company's consolidated balance sheets as of December 31, 2025 and 2024.

In addition, the Company has entered into agreements with various third-party vendors for research, development and manufacturing services. These agreements generally provide for future payments contingent upon the vendors' delivery of goods or performance of services. Such commitments are not recorded until the related goods or services are received.

8. Stockholders' Equity

The following table summarizes the Company's shares of common stock and preferred stock:

		Shares		
	Par Value	Authorized	Issued	Outstanding
As of December 31, 2025				
Common Stock	$0.01	200,000,000	71,871,975	71,871,975
Preferred Stock	$0.01	10,000,000	—	—
As of December 31, 2024				
Common Stock	$0.01	200,000,000	70,256,108	70,256,108
Preferred Stock	$0.01	10,000,000	—	—

On February 27, 2023, the Company filed an automatic universal shelf registration statement on Form S-3 (File No. 333-270030) as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended, which became effective upon filing (the "Shelf Registration Statement"). The Shelf Registration Statement allows the Company to offer an indeterminate amount of securities, including equity securities, debt securities, warrants, rights, units and depositary shares, from time to time as described in the Shelf Registration Statement. The specific terms of any offering under the Shelf Registration Statement will be established at the time of such offering. The Shelf Registration Statement will expire on February 27, 2026. The Company plans to file a new shelf registration statement on Form S-3 with the SEC simultaneously with, or promptly after, the filing of this Annual Report on Form 10-K, which would replace the Shelf Registration Statement.

On February 27, 2023, the Company entered into a sales agreement (the "Sales Agreement") with SVB Securities LLC (the "Agent") pursuant to which the Company may offer and sell, from time to time, through the Agent (the "ATM Offering"), shares of its common stock having an aggregate offering price of up to $200.0 million (the "ATM Shares"). Any ATM Shares offered and sold in the ATM Offering are to be issued pursuant to the Shelf Registration Statement and the 424(b) prospectus supplement relating to the ATM Offering dated February 27, 2023 (the "ATM Prospectus"). From the date of the ATM Prospectus through December 31, 2025, no shares of the Company's common stock were sold pursuant to the ATM Offering and, as of December 31, 2025, the Company may sell shares of its common stock for remaining gross proceeds of up to $200.0 million from time to time pursuant to the ATM Prospectus.

On September 12, 2024, the Company completed an underwritten public offering pursuant to the Company's Shelf Registration Statement. In the offering, the Company sold pre-funded warrants to purchase up to 3,088,888 shares of common stock at a purchase price of $17.99 per pre-funded warrant, for an aggregate value of approximately $55.6 million. The pre-funded warrants were classified as equity in the Company's consolidated financial statements. In January 2026, pre-funded warrants to purchase up to 1,388,888 shares of common stock were exercised on a cashless basis, resulting in the issuance of shares of common stock. The warrants had a nominal exercise price of $0.01 per share. The exercise resulted in nominal proceeds to the Company and did not have a material impact on the Company's financial statements.

9. Leases

Monrovia, California: The Company leases office and laboratory space in Monrovia, California. The lease term was set to expire in December 2025 and provided an option to renew the entire premises for an additional five-year term,

which the Company elected not to exercise. Instead, on August 8, 2025, the Company entered into a seventh amendment to the lease agreement to extend the term for one year, effective January 1, 2026 through December 31, 2026.

The total lease expense associated with this amended lease is approximately $0.9 million.

Pasadena, California: In June 2021, the Company entered into a lease agreement for laboratory and office space in Pasadena, California, with a lease term through July 2035 and no renewal option. The lease includes two phases: Phase 1 commenced on August 1, 2022, and Phase 2 commenced on December 1, 2022.

The lease provides tenant improvement allowances of up to $17.0 million for Phase 1 and $3.3 million for Phase 2. In August 2022, the lease was amended to provide an additional $5.0 million in Phase 1 improvement allowance in exchange for an increase in rent.

On December 18, 2025, the Company entered into a sublease agreement to sublease a portion of its space to a third party. The sublease term commenced on February 1, 2026 and expires on January 31, 2031. The Company remains primarily obligated under the original lease agreement. There is no current impact to the Company's financial results for the year ended December 31, 2025, as the sublease term does not commence until February 1, 2026.

San Diego, California: In August 2023, the Company entered into a sublease agreement for office space in San Diego, California, with a lease term from September 2023 through December 2027. As part of the sublease, the Company issued a $0.4 million letter of credit to the landlord, secured by a cash collateral account classified as restricted cash on the consolidated balance sheets. The amount of the letter of credit decreases over the lease term.

The Company's lease agreements do not contain any residual value guarantees or restrictive covenants. The components of lease assets and liabilities along with their classification on the Company's consolidated balance sheets were as follows:

Lease Assets and Liabilities	Classification	December 31, 2025	December 31, 2024
		(in thousands)	
Operating lease assets	Right-of-use assets	$ 37,592	$ 38,341
Current operating lease liabilities	Lease liabilities	$ 3,263	$ 3,009
Non-current operating lease liabilities	Lease liabilities, net of current portion	$ 64,735	$ 65,338

The following table presents maturities of operating lease liabilities on an undiscounted basis as of December 31, 2025:

Year	Amounts
	(in thousands)
2026	$ 7,816
2027	9,759
2028	9,276
2029	9,531
2030	9,794
Thereafter	48,436
Total	94,612
Less: Imputed interest	(26,614)
Total operating lease liabilities (includes current portion)	$ 67,998

The following table presents lease costs, supplemental cash flow and other information:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
Operating lease cost	$ 7,933	$ 7,525	$ 8,459
Variable lease cost	1,077	1,272	906
Total lease costs	$ 9,010	$ 8,797	$ 9,365
Right-of-use assets adjusted in exchange for amended operating lease liabilities	$ 863	$ 7,166	$ 2,462
Cash paid for amounts included in the measurement of lease liabilities	$ 8,105	$ 3,545	$ 3,253

	December 31,	
	2025	2024
Weighted-average remaining lease term (in years)	9.3 years	10.2 years
Weighted-average discount rate (%)	7.0 %	7.0 %

10. Stock-Based Compensation

In June 2023, the Company's Board of Directors (the "Board") and stockholders approved the 2023 Equity Incentive Plan (the "2023 Plan"), which became effective on June 14, 2023, and replaced the 2013 Equity Incentive Plan (the "2013 Plan"). No additional awards may be granted under the 2013 Plan.

The 2023 Plan reserves 3,000,000 shares of common stock, plus any remaining shares available under the 2013 Plan as of the effective date. In addition, shares subject to outstanding awards under the 2013 Plan that expire, are forfeited, or otherwise terminate without being issued after June 14, 2023, will be added to the 2023 Plan share reserve. The 2023 Plan does not include an automatic annual share increase (an evergreen provision). On June 12, 2025, the Company's stockholders approved the amendment and restatement of the 2023 Plan to increase the number of authorized shares reserved for issuance thereunder by 3,000,000 shares. As of December 31, 2025, the total number of shares of common stock reserved for issuance under the 2023 Plan is 19,878,573.

In addition, the Company's Board and stockholders approved the ESPP, which became effective on December 5, 2013. As of December 31, 2025, the total number of shares of common stock available for issuance under the ESPP is 817,666.

The following table presents a summary of awards outstanding:

	As of December 31, 2025		
	2013 Plan	2023 Plan	Total
Stock options	8,625,426	4,331,166	12,956,592
RSUs	215,336	1,766,009	1,981,345
	8,840,762	6,097,175	14,937,937

The following table summarizes stock-based compensation expenses included in operating expenses:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
General and administrative	$ 18,257	$ 23,326	$ 19,239
Research and development	24,970	29,955	34,516
	$ 43,227	$ 53,281	$ 53,755

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
Stock options	$ 22,768	$ 31,147	$ 29,345
RSUs	19,594	21,276	23,167
ESPP	865	858	1,243
	$ 43,227	$ 53,281	$ 53,755

Stock Option Awards

The following table presents a summary of the stock option activity for the year ended December 31, 2025:

	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)
Outstanding at December 31, 2024	12,370,081	$ 28.59	5.9	$ 10,386
Granted	2,116,680	12.99		
Exercised	(644,705)	13.44		
Forfeited	(885,464)	26.61		
Outstanding at December 31, 2025	12,956,592	$ 26.93	5.6	$ 5,156
Exercisable at December 31, 2025	9,324,358	$ 30.14	4.5	$ 867

The aggregate intrinsic values represent the amount by which the market price of the underlying stock exceeds the exercise price of the option. The total intrinsic value of the options exercised during the years ended December 31, 2025, 2024, and 2023 were $2.0 million, $3.8 million, and $4.8 million, respectively.

As of December 31, 2025, the unrecognized compensation expense for all outstanding unvested stock options in the amount of $31.8 million will be recognized in the Company's results of operations over a weighted average period of 2.2 years.

The per share weighted average grant date fair values of the stock options granted are $7.10, $12.06, and $15.98 for the years ended December 31, 2025, 2024 and 2023, respectively. The following table provides the weighted-average assumptions used in the calculation of grant date per share fair values of these stock options based on the Black-Scholes option pricing model:

	Year Ended December 31,		
	2025	2024	2023
Expected term (in years) [1]	6.4	6.4	6.1
Expected volatility [2]	51.2 %	50.2 %	50.5 %
Risk-free interest rate [3]	4.1 %	4.2 %	4.2 %
Expected dividend yield [4]	— %	— %	— %
Underlying stock price	$ 12.99	$ 22.31	$ 30.02

(1) The computation of expected term was determined based on the option holders' past exercise patterns.
(2) Volatility is estimated based on volatility average of the Company's common stock price.
(3) The risk-free interest rate is based on that of the U.S. Treasury yields with equivalent terms in effect at the time of the grant.
(4) The dividend yield is zero as the Company currently does not pay a dividend.

Restricted Stock Units ("RSUs")

The following table summarizes the activity of the Company's RSUs:

	Restricted Stock Units	Weighted Average Grant Date Fair Value (Per unit)
Outstanding as of December 31, 2024	1,783,795	$ 25.52
Granted	1,204,787	13.23
Vested	(843,722)	26.53
Forfeited	(163,515)	19.46
Outstanding as of December 31, 2025	1,981,345	$ 18.01

The fair value of RSUs was determined based on the closing price of the Company's common stock on the grant date.

As of December 31, 2025, there was $20.0 million of total unrecognized compensation cost related to RSUs that is expected to be recognized over a weighted-average period of 1.8 years.

Employee Stock Purchase Plan

The following table provides the assumptions used in the calculation of grant date fair values of these shares issued under the Company's ESPP based on the Black-Scholes option pricing model:

	Year Ended December 31,		
	2025	2024	2023
Expected term (in years) [1]	0.5 - 2.0	0.5 - 2.0	0.5 - 2.0
Expected volatility [2]	42.97% - 73.25%	42.97% - 54.62%	38.24% - 55.72%
Risk-free interest rate [3]	4.22% - 5.40%	4.22% - 5.40%	0.13% - 5.39%
Expected dividend yield [4]	— %	— %	— %

(1) The computation of expected term was determined based on the option holders' past exercise patterns.
(2) Volatility is estimated based on volatility average of the Company's common stock price.
(3) The risk-free interest rate is based on that of the U.S. Treasury yields with equivalent terms in effect at the time of the grant.
(4) The dividend yield is zero as the Company currently does not pay a dividend.

As of December 31, 2025, there was no unrecognized pre-tax compensation expense related to outstanding shares issued under the Company's ESPP.

11. Income Taxes

Income Tax Provision

Income tax provision consisted of the following:

	Year Ended December 31,		
	2025	2024	2023
		(in thousands)	
Current			
Federal	$ (671)	$ 513	$ 11,472
State	3,175	1,104	2,190
Total current tax	$ 2,504	$ 1,617	$ 13,662
Deferred			
Federal	$ —	$ —	$ —
State	—	—	—
Total deferred tax	$ —	$ —	$ —
Income tax provision	$ 2,504	$ 1,617	$ 13,662

The following table presents a reconciliation of the tax expense based on the statutory rate to the Company's actual tax expense in the consolidated statements of operations and comprehensive loss. A notional 21% tax rate was applied as follows:

	Year Ended December 31, 2025	
	Amount	Percent
	(in thousands)	
U.S. Federal statutory income tax	$ (18,778)	(21.0)%
Research and development tax credits	(6,965)	(7.8)%
Change in valuation allowance	17,556	19.6 %
State and local income taxes [1]	3,175	3.6 %
Nontaxable or nondeductible items:		
Nondeductible share-based compensation	7,069	7.8 %
Other tax expenses	(6)	— %
Changes in unrecognized tax benefits	939	1.1 %
Other adjustments	(486)	(0.5)%
Income tax provision and effective income tax rate	$ 2,504	2.8 %

(1) State taxes in Massachusetts, Minnesota, New York, and New York City represented the majority (greater than 50 percent) of the tax effect in this category.

	Year Ended December 31,	
	2024	2023
	(in thousands)	
U.S. Federal statutory income tax	$ (49,334)	$ (25,123)
Research and development tax credits	(12,124)	(15,816)
Change in valuation allowance	56,390	57,313
State and local income taxes	(1,860)	(1,978)
Stock-based compensation	4,712	3,132
Change in state rate	1,661	(176)
Foreign-derived intangible income deduction	—	(4,915)
Uncertain tax position	1,654	2,138
Deferred tax adjustment	242	(1,199)
Other	276	286
Income tax provision	$ 1,617	$ 13,662

Income Taxes Paid, Net of Refunds

Cash paid for income taxes, net of refunds, consisted of the following:

	Year Ended December 31, 2025
	Amount
	(in thousands)
Jurisdiction:	
Federal	$ 7,359
State	(47)
Total	$ 7,312

Deferred Income Taxes

The following table presents the significant components of the Company's net deferred tax assets and liabilities:

	December 31,	
	2025	2024
	(in thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 83,754	$ 36,355
Capitalized research and development costs	80,894	93,844
Tax credits	60,487	48,419
Accrued compensation	20,935	21,274
Royalty financing	17,208	28,123
Lease liabilities	14,594	14,956
Equity investments	—	4,025
Other	4	—
Total gross deferred tax assets	277,876	246,996
Valuation allowance	(246,617)	(227,268)
Total deferred tax assets, net of valuation allowance	31,259	19,728
Deferred tax liabilities:		
Intangibles	(958)	(2,066)
Depreciation	(8,373)	(9,272)
Right-of-use assets	(8,068)	(8,390)
Equity investments	(13,860)	—
Total gross deferred tax liabilities	(31,259)	(19,728)
Net deferred tax assets (liabilities)	$ —	$ —

The Company has net deferred tax assets primarily related to capitalized research and development costs, net operating loss carryforwards, and research and development tax credit carryforwards. Due to uncertainty regarding the realization of these deferred tax assets in future tax periods, the Company has recorded a valuation allowance against its deferred tax assets as of December 31, 2025 and 2024. Valuation allowances are recognized to reduce deferred tax assets to the amount that is more likely than not to be realized. The Company has concluded that its net deferred tax assets are not more likely than not to be realized due to cumulative losses incurred in prior years and the lack of sufficient sources of future taxable income. During the year ended December 31, 2025, the valuation allowance increased by $19.3 million.

As of December 31, 2025, the Company had cumulative net operating loss carryforwards for federal and state income tax purposes of $341.1 million and $171.9 million, respectively, and available tax credit carryforwards of approximately $36.2 million for federal income tax purposes and $33.2 million for state income tax purposes, which may be available to offset future taxable income, if any. Of the cumulative net operating loss carryforwards for federal, $43.6 million were generated prior to January 1, 2018 and are subject to expiration, while $297.5 million were incurred after December 31, 2017 and may be carried forward indefinitely, subject to an annual limitation of 80% of future taxable income. To the extent permitted by law, taxing authorities may examine tax returns for prior periods in which net operating losses were generated or utilized and may make adjustments up to the amount of the net operating loss carryforwards claimed.

Federal net operating loss carryforwards begin to expire in 2027, and state net operating loss carryforwards begin to expire in 2035. Federal tax credit carryforwards begin to expire in 2042. Utilization of the Company's net operating loss and tax credit carryforwards is subject to annual limitations under Section 382 of the Internal Revenue Code due to ownership changes previously experienced by the Company. As a result, certain net operating loss and tax credit carryforwards may expire before being utilized.

Uncertainty in Income Taxes

The following table summarizes the Company's gross unrecognized tax benefits:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
Balance at January 1	$ 8,905	$ 8,905	$ —
Increase related to prior period tax positions	1,464	—	1,054
Decrease related to prior period tax positions	(6,653)	—	—
Increase related to current year tax positions	1,234	—	7,851
Decrease related to settlements with tax authorities	(353)	—	—
Gross unrecognized tax benefits at December 31	$ 4,597	$ 8,905	$ 8,905

Unrecognized tax benefits were $4.6 million, $8.9 million and $8.9 million for the years ended December 31, 2025, 2024 and 2023, respectively. The decrease in prior year unrecognized tax benefits relates primarily to the conclusion of the Internal Revenue Service ("IRS") audit for the 2022 tax year and the related impact on the 2023 federal and certain 2022 and 2023 state income tax filings.

The Company files U.S. federal and state income tax returns in jurisdictions with varying statutes of limitations. As of December 31, 2025, the Company's federal income tax returns for tax years 2023 and forward remain subject to examination by the IRS. For state income tax purposes, tax years 2022 and forward generally remain subject to examination by the respective state tax authorities. In addition, the use of net operating losses or tax credits generated in tax years prior to 2022 may subject returns for those years to examination. The Company will occasionally enter into voluntary disclosure agreements with states, where the statute of limitations would otherwise remain open for all years.

The Company's policy is to recognize interest and penalties related to income taxes, if any, as a component of income tax expense. The accrued interest and penalties related to unrecognized tax benefits were $0.9 million and $1.7 million as of December 31, 2025 and 2024, respectively. If the unrecognized tax benefits as of December 31, 2025 were ultimately recognized, $2.8 million would affect the effective tax rate, subject to changes in the valuation allowance.

12. Employee Benefit Plans

The Company sponsors a defined-contribution plan under Section 401(k) of the Internal Revenue Code covering all full-time employees. Under the terms of the plan, eligible employees may elect to contribute a portion of their salary on a pre-tax and/or Roth basis, subject to applicable federal statutory contribution limits.

Effective April 1, 2023, the Company matches 100% of the first 2.0% of participating employees' contribution and 50% of the next 5.0%, for a maximum employer contribution of 4.5% of eligible compensation. Participants are immediately vested in their employee contributions. Employer contributions vest ratably over three years, with one-third vesting for each year of a participating employee's service.

For the years ended December 31, 2025, 2024, and 2023, the Company recorded expenses for the matching contributions under this plan of $1.6 million, $1.6 million, and $1.7 million, respectively.

13. Net Loss Per Share

The following table presents the computation of basic and diluted net loss per share.

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
Numerator:			
Net loss attributable to Xencor, Inc.	$ (91,923)	$ (232,618)	$ (133,133)
Denominator:			
Weighted-average basic shares outstanding	74,239	65,041	60,503
Effect of dilutive securities	—	—	—
Weighted-average diluted shares outstanding	74,239	65,041	60,503
Basic and diluted net loss per share	$ (1.24)	$ (3.58)	$ (2.20)

All outstanding options and RSUs were excluded from the calculation of diluted net loss per share because to include them would be anti-dilutive. The following table sets forth the potentially dilutive securities calculated as if the Company was in a net income position for the periods presented.

	Year Ended December 31,		
	2025	2024	2023
Options	5,108	376,441	868,085
Restricted stock units	240,205	269,847	213,853
Total	245,313	646,288	1,081,938

14. Segment Reporting

The Company operates as a single reportable segment focused on discovering and developing engineered antibody therapeutics to treat patients with cancer and autoimmune diseases who have unmet medical needs.

The Company's Chief Executive Officer ("CEO") serves as the CODM. The CODM evaluates performance, allocates resources, and conducts planning and forecasting on a consolidated basis using financial information as presented in the Company's consolidated statements of operations and comprehensive loss. In addition, the CODM reviews research and development expenses by program. Managing and allocating resources at the corporate level enables the Company's CEO to assess the overall level of resources available and to deploy those resources in alignment with the Company's long-term, corporate-wide strategic objectives.

The table below details the Company's revenues and expenses and reconciles those amounts to the Company's consolidated net loss including noncontrolling interest as computed under U.S. GAAP in the consolidated statements of operations and comprehensive loss:

	Year Ended December 31,		
	2025	2024 [2]	2023 [2]
	(in thousands)		
Revenues:			
License	$ —	$ 8,500	$ —
Milestone	45,300	34,500	88,500
Royalties	80,276	67,493	55,795
Collaboration	—	—	30,320
Total revenues	125,576	110,493	174,615
Less:			
Research and development:			
XmAb819 (ENPP3 x CD3)	(23,119)	(10,735)	(6,808)
XmAb657 (CD19 x CD3)	(13,767)	(2,644)	—
XmAb942 (Xtend TL1A)	(13,419)	(18,654)	(946)
XmAb541 (CLDN6 x CD3)	(12,742)	(4,068)	(8,237)
XmAb412 (TL1A x IL-23p19)	(8,064)	—	—
Plamotamab (CD20 x CD3)	(7,229)	(6,015)	(1,787)
XmAb808 (B7-H3 x CD28)	(5,888)	(8,210)	(7,168)
Other programs including research and early stage	(18,229)	(28,037)	(40,407)
Wind down costs of terminated programs	(17,224)	(27,420)	(54,328)
Internal research and development expenses	(94,783)	(91,948)	(99,401)
Research and development stock based compensation	(24,970)	(29,955)	(34,516)
General and administrative	(63,644)	(61,215)	(53,379)
Other income (expense), net [1]	87,869	(56,515)	12,728
Income tax expense	(2,504)	(1,617)	(13,662)
Net loss including noncontrolling interest	$ (92,137)	$ (236,540)	$ (133,296)

(1) Other income (expense), net, included interest income, interest expense, gain/loss on marketable equity securities and asset impairment charges.

(2) The Company has retrospectively adjusted segment operating expenses for the years ended on December 31, 2024 and 2023 to reflect the significant segment expenses as currently reviewed by the CODM.

For the years ended December 31, 2025, 2024, and 2023, the Company's total revenues were derived from collaboration and licensing agreements and were reported within the Company's single operating segment. Revenues are attributed to geographic areas based on the location of the Company's customers. For the years ended December 31, 2025, 2024, and 2023, substantially all of the Company's revenues were generated from customers located in the United States, and substantially all of the Company's long-lived assets were located in the United States. The measure of segment assets is reported on the consolidated balance sheets as total consolidated assets.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer (its principal executive officer and principal financial officer, respectively), evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13(a)- 15(e) and 15(d)- 15(e) under the Securities Exchange Act of 1934, as amended), as of December 31, 2025, the end of the period covered by this Annual Report on Form 10-K.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2025, the Company's disclosure controls and procedures were effective at the reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended, as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2025. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013). Based on this assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2025. Management believes that the material weaknesses previously disclosed in prior periods have been fully remediated.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2025 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in its attestation report, which is included herein.

Changes in Internal Control over Financial Reporting

Except as described below, there has been no change in the Company's internal control over financial reporting during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the

Company's internal control over financial reporting. The Company regularly evaluates its controls and procedures and makes improvements in the design and effectiveness of established controls and procedures and the remediation of any deficiencies which may be identified during this process.

Remediation of Prior Material Weakness

As previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, the Company identified material weaknesses related to (i) the design of controls related to the review of the accounting treatment of the proceeds from the sale of future royalties as part of the Company's non-routine transactions analysis and (ii) the design of controls related to the evaluation of certain tax legislation.

During 2025, the Company implemented a remediation plan and several changes to its internal control environment to address these material weaknesses. Specifically, the Company:

Non-Routine Transactions: Implemented a more rigorous technical analysis of non-routine transactions and enhanced the process to identify, select, and oversee qualified third-party advisors on highly technical and complex accounting matters, including circumstances where management's supervision and review controls over significant and unusual transactions require enhanced oversight.

Tax Legislation: Enhanced the internal review of work performed by third-party tax advisors and established a formal quarterly process to review income tax legislative changes and their specific impacts on the consolidated financial statements with tax experts.

Based on the Company's testing of the operating effectiveness of these newly implemented controls, the Company has concluded that these material weaknesses have been remediated as of December 31, 2025.

Item 9B. Other Information

(b) Trading Plans

During the fiscal quarter ended December 31, 2025, no director or officer (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted or terminated any trading arrangement, including a Rule 10b5-1 trading arrangement (as defined in Item 408(a)(1)(i) of Regulation S-K) or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item will be incorporated by reference from the Company's Definitive Proxy Statement (the "Definitive Proxy Statement"), under the headings Proposal One — Election of Directors, Corporate Governance, Director Compensation, Executive Officers, and Executive Compensation Discussion and Analysis for the Company's 2026 Annual Meeting of Stockholders to be filed with the SEC within 120 days of December 31, 2025.

Item 11. Executive Compensation

The information required by this Item will be incorporated by reference from the Definitive Proxy Statement, under the heading Executive Compensation Discussion and Analysis.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item will be incorporated by reference from the Definitive Proxy Statement, under the heading Security Ownership of Certain Beneficial Owners and Management.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item will be incorporated by reference from the Definitive Proxy Statement, under the heading Transactions with Related Persons and Independence of the Board of Directors.

Item 14. Principal Accounting Fees and Services

The information required by this Item will be incorporated by reference from the Definitive Proxy Statement, under the heading Principal Accountant Fees and Services.

Item 15. Exhibits, Financial Statement Schedules

The following documents are filed as part of this Annual Report on Form 10-K:

(1) Financial Statements - See Index to Consolidated Financial Statements in Part II, Item 8 of this report.

(2) Financial Statement Schedules - See Index to Consolidated Financial Statements in Part II, Item 8 of this report. All schedules have been omitted because they are not applicable or required, or the information required to be set forth therein is included in the Consolidated Financial Statements or the accompanying notes thereto.

(3) Exhibits - The following exhibits are filed (or incorporated by reference herein) as part of this Annual Report on Form 10-K:

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on December 11, 2013).
3.2	Second 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	Form of Pre-Funded Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on September 12, 2024).
4.3	Description of Securities (incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K filed with the SEC on February 27, 2025).

10.1*	Form of Indemnity Agreement between the Company and its directors and officers (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.2*	Xencor, Inc. 2010 Equity Incentive Plan, as amended, and Form of Stock Option Grant Notice, Option Agreement and Form of Notice of Exercise (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.3*	Xencor, Inc. 2013 Equity Incentive Plan and Form of Stock Option Agreement and Form of Stock Option Grant Notice thereunder (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.4*	Xencor, Inc. 2013 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.5*	Xencor, Inc. Amended and Restated 2023 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 6, 2025).
10.6*#	Form of Option Agreement.
10.7*#	Form of Restricted Stock Unit Agreement.
10.8*	Third Amended and Restated Executive Employment Agreement, dated September 4, 2013, by and between the Company and Dr. Bassil I. Dahiyat (incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.9*	Severance Agreement, dated May 26, 2016, by and between the Company and Bassil I. Dahiyat (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 3, 2016).
10.10*	Severance Agreement, dated May 26, 2016, by and between the Company and John Desjarlais (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 3, 2016).
10.11*	Employment Agreement, dated August 5, 2019, by and between the Company and Celia Eckert (incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K filed with the SEC on February 25, 2020).
10.12*	Executive Employment Agreement Addendum, dated November 7, 2023, by and between the Company and Celia Eckert (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 8, 2023).
10.13*	Employment Agreement, dated March 11, 2024, by and between the Company and Bart Jan Cornelissen (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 9, 2024).
10.14	Xencor, Inc. Amended and Restated Non-Employee Director Compensation Policy (incorporated by reference to Exhibit 10.40 to the Company's Annual Report on Form 10-K filed with the SEC on February 27, 2023).
10.15	Lease, dated January 1, 2015, by and between the Company and BF Monrovia, LLC (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the SEC on January 5, 2015).
10.16	Amendment to Lease, dated January 26, 2015, by and between the Company and BF Monrovia, LLC (incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K filed with the SEC on February 20, 2015).
10.17	Second Amendment to Lease, dated July 5, 2017, by and between the Company and 111 Lemon Investors LLC (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the SEC on July 10, 2017).

10.18	Third Amendment to Lease, dated April 30, 2020, by and between the Company and 111 Lemon Investors LLC (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 5, 2020).
10.19	Fourth Amendment to Lease, dated September 30, 2020, by and between the Company and 111 Lemon Investors LLC (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 6, 2020).
10.20	Fifth Amendment to Lease, dated October 31, 2020, by and between the Company and 111 Lemon Investors LLC (incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K filed with the SEC on February 23, 2021).
10.21	Sixth Amendment to Lease, dated October 18, 2022, by and between the Company and 111 Lemon Investors LLC (incorporated by reference to Exhibit 10.39 to the Company's Annual Report on Form 10-K filed with the SEC on February 27, 2023).
10.22	Agreement of Lease, dated April 30, 2021, by and between the Company and Angelo Gordon Real Estate, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 4, 2021).
10.23	First Amendment to Lease, dated July 13, 2021, by and between the Company and AG-LC 465 North Halstead Owner, L.P. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 4, 2021).
10.24	Second Amendment to Lease, dated August 2, 2022, by and between the Company and AG-LC 465 North Halstead Owner, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 7, 2022).
10.25	Third Amendment to Lease, dated January 26, 2024, by and between the Company and AG-LC 465 North Halstead Owner, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 9, 2024).
10.26^	Collaboration and License Agreement, dated June 27, 2010, by and between the Company and MorphoSys AG (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K filed with the SEC on February 27, 2025).
10.27^	First Amendment to the Collaboration and License Agreement, dated March 23, 2012, by and between the Company and MorphoSys AG (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K filed with the SEC on February 27, 2025).
10.28	Second Amendment to the License Agreement, dated January 8, 2020, by and between the Company and MorphoSys AG (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K filed with the SEC on February 23, 2021).
10.29	Third Amendment to the License Agreement, dated July 13, 2020, by and between the Company and MorphoSys AG (incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K filed with the SEC on February 23, 2021).
10.30	Fourth Amendment to the License Agreement, dated February 5, 2024, by and between the Company and MorphoSys AG (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 9, 2024).
10.31^	Research and License Agreement, dated September 15, 2015, by and between the Company and Amgen Inc. (incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K filed with the SEC on February 27, 2025).
10.32	Amendment No. 1 to the Research and License Agreement, dated November 22, 2019, by and between the Company and Amgen Inc. (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K filed with the SEC on February 23, 2021).

10.33†	Amendment No. 1 to the Collaboration and License Agreement, dated September 21, 2016, by and between the Company and Novartis Institutes for BioMedical Research, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 2, 2016).
10.34†	Collaboration and License Agreement, dated June 26, 2016, by and between the Company and Novartis Institutes for BioMedical Research, Inc. (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 3, 2016).
10.35	Collaboration and License Agreement, dated December 4, 2020, by and between the Company and Janssen Biotech, Inc. (incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K filed with the SEC on February 23, 2021).
10.36†	Collaboration and License Agreement, dated October 1, 2021, by and between the Company and Janssen Biotech, Inc. (incorporated by reference to Exhibit 10.39 to the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2022).
10.37	First Amendment to Collaboration and License Agreement, dated January 30, 2023, by and between the Company and Janssen Biotech, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 3, 2023).
10.38	Option and License Agreement, dated January 28, 2013, by and between the Company and Alexion Pharmaceuticals, Inc. (incorporated by reference to Exhibit 10.23 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).
10.39†	First Amendment to Option and License Agreement, dated June 14, 2019, by and between the Company and Alexion Pharma Holding (as successor to Alexion Pharmaceuticals, Inc.) (incorporated by reference to Exhibit 10.42 to the Company's Annual Report on Form 10-K filed with the SEC on February 27, 2023).
10.40†	Second Amendment to Option and License Agreement, dated November 28, 2022, by and between the Company and Alexion Pharma International Operations Limited (as successor to Alexion Pharmaceuticals, Inc.) (incorporated by reference to Exhibit 10.43 to the Company's Annual Report on Form 10-K filed with the SEC on February 27, 2023).
10.41	Sales Agreement, dated February 27, 2023, by and between the Company and SVB Securities LLC (incorporated by reference to Exhibit 1.2 to the Company's Automatic Shelf Registration Statement on Form S-3ASR filed with the SEC on February 27, 2023).
10.42^	Amended and Restated Collaboration and License Agreement, executed on November 14, 2023 and effective as of June 1, 2024, by and between the Company and Genentech, Inc. and F. Hoffmann-La Roche Ltd (incorporated by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K filed with the SEC on February 29, 2024).
10.43	Royalty Purchase Agreement, entered into on November 3, 2023, by and between the Company and OCM Life Sciences Portfolio LP (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 7, 2023).
10.44	Royalty Purchase Agreement, entered into on November 3, 2023, by and between the Company and OCM Life Sciences Portfolio LP (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on November 7, 2023).
10.45	Consulting Agreement, dated April 19, 2024, by and between the Company and John J. Kuch (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 5, 2024).
10.46	Separation Agreement, dated April 19, 2024, by and between the Company and John J. Kuch (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 7, 2025).
10.47	Seventh Amendment to Lease, dated August 8, 2025, by and between the Company and 111 Lemon Investors LLC (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 5, 2025).

10.48	Consulting Agreement, dated June 6, 2025, by and between the Company and Nancy Valente (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 5, 2025).
19.0	Insider Trading Policy (incorporated by reference to Exhibit 19 to the Company's Annual Report on Form 10-K filed with the SEC on February 27, 2025).
21.1#	List of Subsidiaries of Xencor, Inc.
23.1#	Consent of Independent Registered Public Accounting Firm (KPMG LLP).
23.2#	Consent of Independent Registered Public Accounting Firm (RSM US LLP).
24#	Power of Attorney (included on signature page herein).
31.1#	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
31.2#	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
32.1**	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Xencor, Inc. Compensation Recovery Policy (incorporated by reference to Exhibit 97 to the Company's Annual Report on Form 10-K filed with the SEC on February 29, 2024).
101.INS	XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Filed herewith.

† We have received confidential treatment for certain portions of this agreement, which have been omitted and filed separately with the SEC pursuant to Rule 406 under the Securities Act of 1933, as amended.

^ Certain identified information has been omitted pursuant to Item 601(b)(10) of Regulation S-K because such information is both (i) not material and (ii) information that the Company treats as private or confidential. The Company hereby undertakes to furnish supplemental copies of the unredacted exhibit upon request by the SEC.

* Indicates management contract or compensatory plan.

** These certifications are being furnished solely to accompany this annual report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 25, 2026

Xencor, Inc.

By: /s/ Bassil I. Dahiyat, Ph.D.

Bassil I. Dahiyat, Ph.D.
President & Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints, jointly and severally, Bassil I. Dahiyat, Ph.D. and Bart Jan Cornelissen, and each of them acting individually, as his or her true and lawful attorneys-in-fact, each with full power of substitution and resubstitution, for him or her, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact full power and authority to do and perform each and every act and thing requisite or necessary to be done in connection therewith as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that each of said attorneys-in-fact or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ BASSIL I. DAHIYAT, PH.D. Bassil I. Dahiyat, Ph.D.	Director, President & Chief Executive Officer (Principal Executive Officer)	February 25, 2026
/s/ BART JAN CORNELISSEN Bart Jan Cornelissen	Sr. Vice President & Chief Financial Officer (Principal Financial and Accounting Officer)	February 25, 2026
/s/ A. BRUCE MONTGOMERY, M.D. A. Bruce Montgomery, M.D.	Director	February 25, 2026
/s/ KURT GUSTAFSON Kurt Gustafson	Director	February 25, 2026
/s/ KEVIN C. GORMAN, PH.D. Kevin C. Gorman, Ph.D.	Director	February 25, 2026
/s/ RICHARD RANIERI Richard Ranieri	Director	February 25, 2026
/s/ ELLEN G. FEIGAL, M.D. Ellen G. Feigal, M.D.	Director	February 25, 2026
/s/ BARBARA KLENCKE Barbara Klencke	Director	February 25, 2026
/s/ TODD SIMPSON Todd Simpson	Director	February 25, 2026
/s/ RAYMOND J. DESHAIES Raymond J. Deshaies	Director	February 25, 2026

Xencor, Inc.
Amended and Restated 2023 Equity Incentive Plan

Option Agreement
(Incentive Stock Option or Nonstatutory Stock Option)

Pursuant to your Stock Option Grant Notice ("***Grant Notice***") and this Option Agreement, Xencor, Inc. (the "***Company***") has granted you an option under its Amended and Restated 2023 Equity Incentive Plan (the "***Plan***") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. The option is granted to you effective as of the date of grant set forth in the Grant Notice (the "***Date of Grant***"). If there is any conflict between the terms in this Option Agreement and the Plan, the terms of the Plan will control. Capitalized terms not explicitly defined in this Option Agreement or in the Grant Notice but defined in the Plan will have the same definitions as in the Plan.

The details of your option, in addition to those set forth in the Grant Notice and the Plan, are as follows:

1. Vesting. Subject to the provisions contained herein, your option will vest as provided in your Grant Notice. Vesting will cease upon the termination of your Continuous Service.

2. Number of Shares and Exercise Price. The number of shares of Common Stock subject to your option and your exercise price per share in your Grant Notice will be adjusted for Capitalization Adjustments.

3. Exercise Restriction for Non-Exempt Employees. If you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (that is, a "***Non-Exempt Employee***"), and except as otherwise provided in the Plan, you may not exercise your option until you have completed at least six (6) months of Continuous Service measured from the Date of Grant, even if you have already been an employee for more than six (6) months. Consistent with the provisions of the Worker Economic Opportunity Act, you may exercise your option as to any vested portion prior to such six (6) month anniversary in the case of (i) your death or disability, (ii) a corporate transaction in which your option is not assumed, continued or substituted, (iii) a Change in Control or (iv) your termination of Continuous Service on your "retirement" (as defined in the Company's benefit plans).

4. Exercise prior to Vesting ("Early Exercise"). If permitted in your Grant Notice (*i.e.*, the "Exercise Schedule" indicates "Early Exercise Permitted") and subject to the provisions of your option, you may elect at any time that is both (i) during the period of your Continuous Service and (ii) during the term of your option, to exercise all or part of your option, including the unvested portion of your option; *provided, however,* that:

(a) a partial exercise of your option will be deemed to cover first vested shares of Common Stock and then the earliest vesting installment of unvested shares of Common Stock;

(b) any shares of Common Stock so purchased from installments that have not vested as of the date of exercise will be subject to the purchase option in favor of the Company as described in the Company's form of Early Exercise Stock Purchase Agreement;

(c) you will enter into the Company's form of Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred; and

(d) if your option is an Incentive Stock Option, then, to the extent that the aggregate Fair Market Value (determined at the Date of Grant) of the shares of Common Stock with respect to which your option plus all other Incentive Stock Options you hold are exercisable for the first time by you during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars ($100,000), your option(s) or portions thereof that exceed such limit (according to the order in which they were granted) will be treated as Nonstatutory Stock Options.

5. Method of Payment. You must pay the full amount of the exercise price for the shares you wish to exercise. You may pay the exercise price in cash or by check, bank draft or money order payable to the Company or in any other manner ***permitted by your Grant Notice,*** which may include one or more of the following:

(a) Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds. This manner of payment is also known as a "broker-assisted exercise", "same day sale", or "sell to cover".

(b) Provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. "Delivery" for these purposes, in the sole discretion of the Company at the time you exercise your option, will include delivery to the Company of your attestation of ownership of such shares of Common Stock in a form approved by the Company. You may not exercise your option by delivery to the Company of Common Stock if doing so would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

(c) If this option is a Nonstatutory Stock Option, subject to the consent of the Company at the time of exercise, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of your option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price. You must pay any remaining balance of the aggregate exercise price not satisfied by the "net exercise" in cash or other permitted form of payment. Shares of Common Stock will no longer be outstanding under your option and will not be exercisable thereafter if those shares (i) are used to pay the exercise price pursuant to the "net exercise," (ii) are delivered to you as a result of such exercise, and (iii) are withheld to satisfy your tax withholding obligations.

6. Whole Shares. You may exercise your option only for whole shares of Common Stock.

7. Securities Law Compliance. In no event may you exercise your option unless the shares of Common Stock issuable upon exercise are then registered under the Securities Act

or, if not registered, the Company has determined that your exercise and the issuance of the shares would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with all other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations.

8. Term. You may not exercise your option before the Date of Grant or after the expiration of the option's term. The term of your option expires, subject to the provisions of Section 5(h) of the Plan, upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three (3) months after the termination of your Continuous Service for any reason other than Cause, your Disability or your death (except as otherwise provided in Section 8(d) below); *provided, however,* that if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in the section above relating to "Securities Law Compliance," your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service; *provided further,* if during any part of such three (3) month period, the sale of any Common Stock received upon exercise of your option would violate the Company's insider trading policy, then your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service during which the sale of the Common Stock received upon exercise of your option would not be in violation of the Company's insider trading policy. Notwithstanding the foregoing, if (i) you are a Non-Exempt Employee, (ii) your Continuous Service terminates within six (6) months after the Date of Grant, and (iii) you have vested in a portion of your option at the time of your termination of Continuous Service, your option will not expire until the earlier of (x) the later of (A) the date that is seven (7) months after the Date of Grant, and (B) the date that is three (3) months after the termination of your Continuous Service, and (y) the Expiration Date;

(c) twelve (12) months after the termination of your Continuous Service due to your Disability (except as otherwise provided in Section 8(d)) below;

(d) eighteen (18) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates for any reason other than Cause;

(e) the Expiration Date indicated in your Grant Notice; or

(f) the day before the tenth (10th) anniversary of the Date of Grant.

If your option is an Incentive Stock Option, note that to obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the Date of Grant and ending on the day three (3) months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your option will necessarily be treated as an Incentive Stock Option if you continue to provide services to the Company or an Affiliate as a Consultant or Director after your employment terminates or if you otherwise exercise your option more than three (3) months after the date your employment with the Company or an Affiliate terminates.

9. Exercise.

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by (i) delivering a Notice of Exercise (in a form designated by the Company) or completing such other documents and/or procedures designated by the Company for exercise and (ii) paying the exercise price and any applicable withholding taxes to the Company's Secretary, stock plan administrator, or such other person as the Company may designate, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.

(c) If your option is an Incentive Stock Option, by exercising your option you agree that you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two (2) years after the Date of Grant or within one (1) year after such shares of Common Stock are transferred upon exercise of your option.

(d) By accepting your option you agree that you will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any shares of Common Stock or other securities of the Company held by you, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472 or any successor or similar rules or regulation (the "***Lock-Up Period***"); *provided, however*, that nothing contained in this section will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. You also agree that any transferee of any shares of Common Stock (or other securities) of the Company held by you will be bound by this Section 9(d). The underwriters of the Company's stock are intended third party beneficiaries of this Section 9(d) and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

10. Transferability. Except as otherwise provided in this Section 10, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

(a) Certain Trusts. Upon receiving written permission from the Board or its duly authorized designee, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is held in the trust. You and the trustee must enter into transfer and other agreements required by the Company.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter

into transfer and other agreements required by the Company, you may transfer your option pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this option with the Company prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order or marital settlement agreement. If this option is an Incentive Stock Option, this option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(c) Beneficiary Designation. Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form approved by the Company and any broker designated by the Company to handle option exercises, designate a third party who, on your death, will thereafter be entitled to exercise this option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate will be entitled to exercise this option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

11. Option not a Service Contract. Your option is not an employment or service contract, and nothing in your option will be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option will obligate the Company or an Affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

12. Withholding Obligations.

(a) At the time you exercise your option, in whole or in part, and at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "same day sale" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) If this option is a Nonstatutory Stock Option, then upon your request and subject to approval by the Company, and compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as a liability for financial accounting purposes). If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, share withholding pursuant to the preceding sentence shall not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of shares of Common Stock acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your option. Notwithstanding the filing of such election, shares of Common Stock shall be withheld solely from fully vested shares of Common Stock determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company will have no obligation to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein, if applicable, unless such obligations are satisfied.

13. Tax Consequences. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per share specified in the Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option.

14. Notices. Any notices provided for in your option or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this option, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

15. Governing Plan Document. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. If there is any conflict between the provisions of your option and those of the Plan, the provisions of the Plan will control. In addition, your option (and any compensation paid or shares issued under your option) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law.

16. Other Documents. You hereby acknowledge receipt of and the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's policy permitting certain individuals to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

17. Effect on Other Employee Benefit Plans. The value of this option will not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

18. Voting Rights. You will not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this option until such shares are issued to you. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this option, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

19. Severability. If all or any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

20. Miscellaneous.

(a) The rights and obligations of the Company under your option will be transferable to any one or more persons or entities, and all covenants and agreements hereunder will inure to the benefit of, and be enforceable by the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your option.

(c) You acknowledge and agree that you have reviewed your option in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your option, and fully understand all provisions of your option.

(d) This Option Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Option Agreement will be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

* * *

This Option Agreement will be deemed to be signed by you upon the signing by you of the Stock Option Grant Notice to which it is attached.

Xencor, Inc.
Amended and Restated 2023 Equity Incentive Plan
Restricted Stock Unit Award Agreement

Pursuant to the Restricted Stock Unit Grant Notice (the "***Grant Notice***") and this Restricted Stock Unit Award Agreement (the "***Agreement***"), Xencor, Inc. (the "***Company***") has awarded you ("***Participant***") an RSU Award (the "***Award***") pursuant to Section 5 of the Company's Amended and Restated 2023 Equity Incentive Plan (the "***Plan***") for the number of RSUs indicated in the Grant Notice (the "***Restricted Stock Units***"). Capitalized terms not explicitly defined in this Agreement or the Grant Notice shall have the same meanings given to them in the Plan. The terms of your Award, in addition to those set forth in the Grant Notice, are as follows.

1. Grant of the Award. This Award represents the right to be issued on a future date one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 below) as indicated in the Grant Notice. As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the "***Account***") the number of Restricted Stock Units/shares of Common Stock subject to the Award. Notwithstanding the foregoing, the Company reserves the right to issue you the cash equivalent of Common Stock, in part or in full satisfaction of the delivery of Common Stock in connection with the vesting of the Restricted Stock Units, and, to the extent applicable, references in this Agreement and the Grant Notice to Common Stock issuable in connection with your Restricted Stock Units will include the potential issuance of its cash equivalent pursuant to such right. This Award was granted in consideration of your services to the Company.

2. Vesting. Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, provided that vesting will cease upon the termination of your Continuous Service. Upon such termination of your Continuous Service, the Restricted Stock Units/shares of Common Stock credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such underlying shares of Common Stock.

3. Number of Shares. The number of Restricted Stock Units/shares subject to your Award may be adjusted from time to time for Capitalization Adjustments, as provided in the Plan. Any additional Restricted Stock Units, shares, cash or other property that becomes subject to the Award pursuant to this Section 3, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units and shares covered by your Award. Notwithstanding the provisions of this Section 3, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 3. Any fraction of a share will be rounded down to the nearest whole share.

4. Securities Law Compliance. You may not be issued any Common Stock under your Award unless the shares of Common Stock underlying the Restricted Stock Units are either (i) then registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award must also comply with other applicable laws and regulations governing the Award, and you shall not receive such Common Stock if the Company determines that such receipt would not be in material compliance with such laws and regulations.

5. Transfer Restrictions. Prior to the time that shares of Common Stock have been delivered to you, you may not transfer, pledge, sell or otherwise dispose of this Award or the shares issuable in respect of your Award, except as expressly provided in this Section 5. For example, you may not use shares that may be issued in respect of your Restricted Stock Units as security for a loan. The restrictions on transfer set forth herein will lapse upon delivery to you of shares in respect of your vested Restricted Stock Units.

(a) Death. Your Award is transferable by will and by the laws of descent and distribution. At your death, vesting of your Award will cease and your executor or administrator of your estate shall be entitled to receive, on behalf of your estate, any Common Stock or other consideration that vested but was not issued before your death.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your right to receive the distribution of Common Stock or other consideration hereunder, pursuant to a domestic relations order, marital settlement agreement or other divorce or separation instrument as permitted by applicable law that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company General Counsel prior to finalizing the domestic relations order or marital settlement agreement to verify that you may make such transfer, and if so, to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

6. Date of Issuance.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulation Section 1.409A-1(b)(4) and will be construed and administered in such a manner.

(b) Subject to the satisfaction of the Withholding Taxes set forth in Section 11 of this Agreement, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 above). Each issuance date determined by this paragraph is referred to as an "***Original Issuance Date***".

(c) Notwithstanding clause (a), if the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company's policies (a "***10b5-1 Plan***")), *and*

(ii) either (1) Withholding Taxes do not apply, or (2) Withholding Taxes apply and the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Taxes by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to then effect a

sale on the market under a 10b5-1 Plan and (C) not to permit you to pay your Withholding Taxes in cash,

then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company's Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d).

(d) The form of delivery (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

7. Dividends. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment.

8. Restrictive Legends. The shares of Common Stock issued under your Award shall be endorsed with appropriate legends as determined by the Company.

9. Execution of Documents. You hereby acknowledge and agree that the manner selected by the Company by which you indicate your consent to your Grant Notice is also deemed to be your execution of your Grant Notice and of this Agreement. You further agree that such manner of indicating consent may be relied upon as your signature for establishing your execution of any documents to be executed in the future in connection with your Award.

10. Award not a Service Contract.

(a) Nothing in this Agreement (including, but not limited to, the vesting of your Award or the issuance of the shares in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ or service of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the vesting schedule provided in the Grant Notice may not be earned unless (in addition to any other conditions described in the Grant Notice and this Agreement) you continue as an employee, director or consultant at the will of the Company and affiliate, as applicable (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "***reorganization***"). You acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status

of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with the right of the Company or an Affiliate to terminate your Continuous Service at any time, with or without your cause or notice, or to conduct a reorganization.

11. Withholding Taxes.

(a) On each vesting date, and on or before the time you receive a distribution of the shares of Common Stock in respect of your Restricted Stock Units, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision, including in cash, for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the "***Withholding Taxes***"). Additionally, the Company or any Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your Award by any of the following means or by a combination of such means (and by accepting this Award you hereby authorize any of the following methods of satisfying the Withholding Taxes): (i) withholding from any compensation otherwise payable to you by the Company or an Affiliate; (ii) causing you to tender a cash payment; (iii) permitting or requiring you to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "***FINRA Dealer***") whereby you irrevocably elect to sell a portion of the shares to be delivered in connection with your Restricted Stock Units to satisfy the Withholding Taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company and/or its Affiliates; or (iv) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 6) equal to the amount of such Withholding Taxes; *provided*, *however*, that the number of such shares of Common Stock so withheld will not exceed the amount necessary to satisfy the Withholding Taxes using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and *provided*, further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Compensation Committee of the Board.

(b) Unless the Withholding Taxes are satisfied, the Company shall have no obligation to deliver to you any Common Stock or any other consideration pursuant to this Award.

(c) In the event the Withholding Taxes arise prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Taxes was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

(d) Solely in order to satisfy any Withholding Taxes obligations of the Company triggered by the vesting of your Award, you hereby authorize the Company for your benefit (i) to cause the sale of a number of shares of Common Stock equal to the Share Sale Amount (as defined below) during the first three (3) trading days immediately following the

vesting of your Award (each such sale date, a "***Sale Date***"), (ii) to issue and deliver to the broker effecting such sale a number of shares of Common Stock equal to the Share Sale Amount following each date of such vesting as needed to settle the aforementioned sale (each such sale, a "***Tax Sale***") and (iii) to reduce the number of shares of Common Stock otherwise payable to you on such vesting date by the Share Sale Amount; provided, however, that if the Company is unable to effect a timely Tax Sale or if the proceeds from a Tax Sale are not sufficient to satisfy, in full, the Withholding Taxes obligation of the Company triggered by the vesting of your Award, you hereby acknowledge and agree that you will remit to the Company, prior to the first day of the next payroll period immediately following the relevant vesting date, immediately available funds in an amount sufficient to satisfy any Company Withholding Taxes obligations triggered by the vesting of your Award on such vesting date and not satisfied by the proceeds of a Tax Sale (each such payment, a "***Tax Payment***"). In the event that the proceeds from a Tax Sale are in excess of the Company Withholding Taxes obligations triggered by the vesting of your Award, the Company shall remit to you, as soon as practicable, immediately available funds in an amount equal to such excess. The "***Share Sale Amount***" shall mean a number of shares of Common Stock (rounded down to the nearest whole share) equal to the quotient of (A) the Withholding Taxes obligation of the Company triggered by the vesting of your Award on the relevant vesting date, divided by (B) the closing price of one share of Common Stock as quoted on The Nasdaq Global Market on the applicable vesting date.

12. You hereby represents and warrant that you have carefully reviewed this Section 11(d) of the Agreement and on the date hereof you are not aware of any material, nonpublic information with respect to the Company or any securities of the Company, are not subject to any legal, regulatory or contractual restriction that would prevent the Tax Sale, do not have, and will not attempt to exercise, authority, influence or control over any sale of Shares effected pursuant to the Agreement and are entering into the Agreement and this election for Tax Sales in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (regarding trading of the Company's securities on the basis of material nonpublic information) under the Exchange Act. It is the Participant's intent that this election for the Tax Sales comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act and be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act.

(a) You acknowledge and agree that (i) you have no authority, influence or control over a Tax Sale, and will not attempt to exercise any authority, influence or control over such a sale, and (ii) each Tax Sale may be deemed to be a sale of securities by you for purposes of Section 16 of the Exchange Act. Promptly following any Tax Sale, the Company shall inform you or your designee of the number of shares that the Company caused to be sold for such purpose.

13. Tax Consequences. The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so. You understand that you (and not the Company) shall be responsible for your own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

14. Unsecured Obligation. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares or other property pursuant to this Agreement. You

shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 6 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

15. Notices. Any notice or request required or permitted hereunder shall be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this Award, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Headings. The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the meaning of this Agreement.

17. Miscellaneous.

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

18. Governing Plan Document. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Your Award (and any compensation paid or shares issued under your Award) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to voluntarily terminate employment upon a resignation for "good

reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

19. Effect on Other Employee Benefit Plans. The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan (other than the Plan) sponsored by the Company or any Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Affiliate.

20. Severability. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

21. Other Documents. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act. In addition, you acknowledge receipt of the Company's policy permitting certain individuals to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

22. Amendment. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that, except as otherwise expressly provided in the Plan, no such amendment materially adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the Award as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

23. Section 409A of the Code. This Award is intended to be exempt from the application of Section 409A of the Code, including but not limited to by reason of complying with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4) and any ambiguities herein shall be interpreted accordingly. Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and determined to be deferred compensation subject to Section 409A of the Code, this Award shall comply with Section 409A to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly. If it is determined that the Award is deferred compensation subject to Section 409A and you are a "Specified Employee" (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your "Separation from Service" (within the meaning of Treasury Regulation Section 1.409A-1(h) and without regard to any alternative definition thereunder), then the issuance of any shares that would otherwise be made upon the date of your Separation from Service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the Separation from Service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of adverse taxation

on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

* * * * *

This Restricted Stock Unit Award Agreement shall be deemed to be signed by the Company and the Participant upon the signing by the Participant of the Restricted Stock Unit Grant Notice to which it is attached.

Exhibit 21.1

XENCOR, INC.

List of Subsidiaries of Registrant

None.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Nos. 333-192635, 333-216365, 333-236607, 333-266498 and 333-272695) on Form S-8 and the Registration Statement (No. 333-270030) on Form S-3 of our report dated February 25, 2026, with respect to the consolidated financial statements of Xencor, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

San Diego, California
February 25, 2026

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Nos. 333-192635, 333-216365, 333-236607, 333-266498 and 333-272695) on Form S-8 and the Registration Statement (No. 333-270030) on Form S-3 of Xencor, Inc. of our report dated February 26, 2025, relating to the consolidated financial statements, of Xencor, Inc., as of December 31, 2024 and for each of the two years then ended, appearing in this Annual Report on Form 10-K of Xencor, Inc. for the year ended December 31, 2025.

As disclosed in Note 14 to the 2025 financial statements, the financial statements for the years ended December 31, 2024 and 2023, have been retrospectively adjusted to apply changes in segment reporting and related information. We have not audited the adjustments to the 2025 financial statements for the years ended December 31, 2024 and 2023, to retrospectively adjust for changes in disclosures to segment reporting, as disclosed in Note 14.

/s/ RSM US LLP

Los Angeles, CA
February 25, 2026

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bassil I. Dahiyat, Ph.D., certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2025 of Xencor, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d) – 15(f) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

/s/ BASSIL I. DAHIYAT

Bassil I. Dahiyat, Ph.D.
President & Chief Executive Officer (Principal Executive Officer)

Date: February 25, 2026

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

I, Bart Jan Cornelissen, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2025 of Xencor, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d) – 15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

/s/ Bart Jan Cornelissen

Bart Jan Cornelissen
Chief Financial Officer (Principal Financial Officer)

Date: February 25, 2026

Exhibit 32.1

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

In connection with the Annual Report on Form 10-K of Xencor, Inc. (the "Company") for the period ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bassil I. Dahiyat, Ph.D., as President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: February 25, 2026

/s/ BASSIL I. DAHIYAT
Bassil I. Dahiyat, Ph.D.
President & Chief Executive Officer

Exhibit 32.2

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

In connection with the Annual Report on Form 10-K of Xencor, Inc. (the "Company") for the period ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bart Jan Cornelissen, as Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: February 25, 2026

/s/ BART JAN CORNELISSEN
Bart Jan Cornelissen
Chief Financial Officer