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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2024

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(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	XNCR	The Nasdaq Global Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ 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 definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

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

Class	Outstanding at May 2, 2024
Common stock, par value $0.01 per share	61,662,550

Xencor, Inc.

Quarterly Report on Form 10-Q for the Quarter Ended March 31, 2024

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- the 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;
- the ability of our publicly announced preliminary clinical trial data to support continued clinical development and regulatory approval for specific treatments;
- our ability to protect our intellectual property position;
- the rate and degree of market acceptance and clinical utility of our products;
- costs of compliance and our failure to comply with new and existing governmental regulations;
- the capabilities and strategy of our suppliers and vendors including key manufacturers of our clinical drug supplies;
- significant competition in our industry;
- costs of litigation and the failure to successfully defend lawsuits and other claims against us;
- the potential loss or retirement of key members of management;
- our failure to successfully execute our growth strategy including any delays in our planned future growth;
- our failure to maintain effective internal controls; and

- our ability to accurately estimate expenses, future revenues, capital requirements and needs for additional financing.

The factors, risks and uncertainties referred to above and others are more fully described under the heading “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and this Quarterly Report on Form 10-Q. Forward-looking statements should be regarded solely as our current plans, estimates and beliefs. We cannot guarantee future results, events, levels of activity, performance, or achievements. We do not undertake and specifically decline any obligation to update, republish or revise forward-looking statements to reflect future events or circumstances or to reflect the occurrences of unanticipated events.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2024	December 31, 2023
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 31,034	$ 53,790
Marketable debt securities	460,367	497,725
Marketable equity securities	44,535	42,210
Accounts receivable	9,580	11,290
Prepaid expenses and other current assets	16,736	18,145
Total current assets	562,252	623,160
Property and equipment, net	63,540	66,124
Patents, licenses, and other intangible assets, net	18,852	18,663
Restricted cash	382	380
Marketable debt securities - long term	154,960	145,512
Marketable equity securities - long term	43,560	64,210
Right of use (ROU) asset	40,211	33,995
Other assets	498	648
Total assets	$ 884,255	$ 952,692
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 16,011	$ 13,914
Accrued expenses	13,491	23,564
Income tax payable	5,782	5,782
Lease liabilities	2,079	3,435
Deferred income	34,088	31,682
Debt	7,951	6,332
Total current liabilities	79,402	84,709
Lease liabilities, net of current portion	66,810	59,025
Deferred income, net of current portion	113,367	125,183
Debt, net of current portion	12,489	14,642
Total liabilities	272,068	283,559
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.01 par value: 10,000,000 authorized shares; -0- issued and outstanding shares at March 31, 2024 and December 31, 2023	—	—
Common stock, $0.01 par value: 200,000,000 authorized shares at March 31, 2024 and December 31, 2023; 61,634,685 issued and outstanding at March 31, 2024 and 60,998,191 issued and outstanding at December 31, 2023	617	611
Additional paid-in capital	1,144,468	1,131,266
Accumulated other comprehensive (loss) income	(154)	1,291
Accumulated deficit	(532,405)	(464,372)
Total stockholders' equity attributable to Xencor, Inc.	612,526	668,796
Non-controlling interest	(339)	337
Total stockholders' equity	612,187	669,133
Total liabilities and stockholders' equity	$ 884,255	$ 952,692

See accompanying notes.

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

	Three Months Ended March 31,	
	2024	**2023**
Revenue		
Collaborations, milestones, and royalties	$ 12,805	$ 18,962
Operating expenses		
Research and development	56,873	65,552
General and administrative	13,787	14,154
Total operating expenses	70,660	79,706
Loss from operations	(57,855)	(60,744)
Other income (expenses)		
Interest income, net	7,471	2,892
Other expense, net	—	(13)
Impairment on equity securities	(20,650)	—
Gain (loss) on equity securities, net	2,325	(2,898)
Total other expense, net	(10,854)	(19)
Net loss	(68,709)	(60,763)
Net loss attributable to non-controlling interest	(676)	—
Net loss attributable to Xencor, Inc.	$ (68,033)	$ (60,763)
Basic and diluted net loss per common share attributable to Xencor, Inc.	$ (1.11)	$ (1.02)
Basic and diluted weighted average common shares outstanding	61,212,324	59,771,674

See accompanying notes.

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

	Three Months Ended March 31,	
	2024	**2023**
Net loss	(68,709)	(60,763)
Other comprehensive income (loss)		
Net unrealized gain (loss) on marketable debt securities	(1,445)	3,327
Comprehensive loss	(70,154)	(57,436)
Comprehensive loss attributable to non-controlling interest	(676)	—
Comprehensive loss attributable to Xencor, Inc.	$ (69,478)	$ (57,436)

See accompanying notes.

Xencor, Inc.
Consolidated Statements of Stockholders' Equity
(unaudited)
(in thousands, except share data)

Stockholders' Equity	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Non-Controlling Interest	Total Stockholders' Equity
Balance, December 31, 2023	60,998,191	$ 611	$ 1,131,266	$ 1,291	$ (464,372)	$ 337	$ 669,133
Issuance of common stock upon exercise of stock awards	152,682	1	1,786	—	—	—	1,787
Issuance of restricted stock units	483,812	5	(5)	—	—	—	—
Comprehensive loss	—	—	—	(1,445)	(68,033)	(676)	(70,154)
Stock-based compensation	—	—	11,421	—	—	—	11,421
Balance, March 31, 2024 (unaudited)	61,634,685	$ 617	$ 1,144,468	$ (154)	$ (532,405)	$ (339)	$ 612,187

Stockholders' Equity	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Non-Controlling Interest	Total Stockholders' Equity
Balance, December 31, 2022	59,997,713	$ 601	$ 1,072,132	$ (6,952)	$ (338,285)	$ —	$ 727,496
Issuance of common stock upon exercise of stock awards	34,388	—	924	—	—	—	924
Issuance of restricted stock units	349,499	4	(4)	—	—	—	—
Comprehensive income (loss)	—	—	—	3,327	(60,763)	—	(57,436)
Stock-based compensation	—	—	12,599	—	—	—	12,599
Balance, March 31, 2023 (unaudited)	60,381,600	$ 605	$ 1,085,651	$ (3,625)	$ (399,048)	$ —	$ 683,583

See accompanying notes.

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

	Three Months Ended March 31,	
	2024	**2023**
Cash flows from operating activities		
Net loss	$ (68,709)	$ (60,763)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,035	2,245
Accretion of discount on marketable debt securities	(5,601)	(1,661)
Stock-based compensation	11,421	12,599
Abandonment of capitalized intangible assets	415	321
Gain on sale of marketable debt securities	(3)	—
Change in fair value of equity securities	(2,325)	2,898
Impairment on equity securities	20,650	—
Non-cash interest expense	1,067	—
Loss on disposal of assets	6	1,379
Changes in operating assets and liabilities:		
Accounts receivable and contract asset	1,710	9,135
Interest receivable from marketable debt securities	(1,310)	248
Prepaid expenses and other assets	1,559	1,204
Accounts payable	2,097	5,254
Accrued expenses	(10,073)	(3,588)
Lease liabilities and ROU assets	213	331
Deferred revenue	—	(216)
Deferred income	(9,410)	—
Net cash used in operating activities	(55,258)	(30,614)
Cash flows from investing activities		
Purchase of marketable securities	(136,532)	(95,228)
Purchase of intangible assets	(929)	(407)
Purchase of property and equipment	(132)	(10,783)
Proceeds from maturities of marketable securities	159,942	154,562
Proceeds from sale of marketable securities	9,969	—
Net cash provided by investing activities	32,318	48,144
Cash flows from financing activities		
Proceeds from issuance of common stock upon exercise of stock awards	1,787	922
Repayment of liability for sale of future royalties	(1,601)	—
Net cash provided by financing activities	186	922
Net (decrease) increase in cash, cash equivalents, and restricted cash	(22,754)	18,452
Cash, cash equivalents, and restricted cash, beginning of period	54,170	53,942
Cash, cash equivalents, and restricted cash, end of period	$ 31,416	$ 72,394
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	$ 11	$ 7
Supplemental disclosures of non-cash activities		
Unrealized (loss) gain on marketable securities	$ (1,445)	$ 3,327
ROU assets obtained	$ 7,166	$ —
Reconciliation of cash, cash equivalents, and restricted cash reported in the balance sheets		
Cash and cash equivalents	$ 31,034	$ 72,394
Restricted cash	382	—
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 31,416	$ 72,394

See accompanying notes.

Xencor, Inc.

Notes to Financial Statements
(unaudited)

March 31, 2024

1. Summary of Significant Accounting Policies

Basis of Presentation

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

The accompanying unaudited consolidated interim financial statements and related notes should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's 2023 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 29, 2024.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Xencor, Inc. and Gale Therapeutics Inc. (Gale), a variable interest entity (VIE) in which we are the primary beneficiary. Since we own less than 100% of Gale, the Company records net loss attributable to non-controlling interests in its consolidated statements of income (loss) equal to the percentage of the economic or ownership interests retained in Gale by the non-controlling party.

In determining whether we are the primary beneficiary of a VIE, we apply a qualitative approach that determines whether we have (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance and (2) the obligation to absorb losses of, or the right to receive benefits from the VIE that could potentially be significant to the VIE. We continuously assess whether we are the primary beneficiary of Gale as changes to existing relationships or future transactions result in us consolidating or deconsolidating Gale.

Use of Estimates

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

Reclassifications

Certain prior year amounts in the consolidated financial statements and the notes thereto have been reclassified to conform to the current period's presentation. These reclassifications did not affect the prior period's total assets, liabilities, stockholders' equity, net loss or cash flows. During the three months ended March 31, 2024, we adopted a change in

presentation on our consolidated statements of loss to include loss from disposal of fixed assets in operating expenses. The prior period has been revised to reflect this change in the presentation**.**

Intangible Assets

The Company maintains definite-lived intangible assets related to certain capitalized costs of acquired licenses and third-party costs incurred in establishing and maintaining its intellectual property rights to its platform technologies and development candidates. These assets are amortized over their useful lives, which are estimated to be the remaining patent life or the contractual term of the license. The straight-line method is used to record amortization expense. The Company assesses its intangible assets for impairment if indicators are present or changes in circumstances suggest that impairment may exist. There was no impairment charge recorded for the three months ended March 31, 2024 and 2023.

The Company capitalizes certain in-process intangible assets that are then abandoned when they are no longer pursued or used in current research activities. We abandoned $0.4 million of in-process intangible assets for the three months ended March 31, 2024. We abandoned $0.3 million of in-process intangible assets during the three months ended March 31, 2023.

Marketable Debt and Equity Securities

The Company has an investment policy that includes guidelines on acceptable investment securities, minimum credit quality, maturity parameters, and concentration and diversification. The investment policy limits the maturity of any individual security to a maximum of 36 months. The average maturity of securities in the portfolio as of March 31, 2024 is less than 12 months. The Company invests its excess cash primarily in marketable debt securities issued by investment grade institutions.

The Company considers its marketable debt securities to be available-for-sale because it is not more likely than not that the Company will be required to sell the securities before recovery of the amortized cost. These assets are carried at fair value and any impairment losses and recoveries related to the underlying issuer's credit standing are recognized within other income (expense), while non-credit related impairment losses and recoveries are recognized within accumulated other comprehensive income (loss). There were no impairment losses or recoveries recorded for the three months ended March 31, 2024 and 2023. Accrued interest on marketable debt securities is included in the marketable securities' carrying value. Each reporting period, the Company reviews its portfolio of marketable debt securities, using both quantitative and qualitative factors, to determine if each security's fair value has declined below its amortized cost basis. During the three months ended March 31, 2024, the Company recorded an unrealized loss of $1.4 million in its portfolio of marketable debt securities. During the three months ended March 31, 2023, the Company recorded an unrealized gain of $3.3 million. The unrealized loss is due to the changing interest rate environment and is not due to changes in the credit quality of the underlying securities. The unrealized gain (loss) is recorded in other comprehensive income (loss) for the three months ended March 31, 2024 and 2023.

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

The Company also has investments in equity securities without a readily determinable fair value, where the Company elects the measurement alternative to record the investment at its initial cost minus impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. There was an impairment charge of $20.6 million recorded for the three months ended March 31, 2024 in connection with equity securities without a readily determinable fair value. There was no impairment charge recorded for the three months ended March 31, 2023.

Liability Related to the Sale of Future Revenues

We treat the sale of future Monjuvi royalties as debt, amortized under the effective interest rate method over the estimated life of the Monjuvi Royalty Sale Agreement. See Note 11. The amortization of the liability related to the sale of

future Monjuvi royalties is based on our current estimate of future royalty payments. Royalty revenue will be recognized as earned and the payments made will be a reduction of the liability when paid**.**

Non-cash Interest Expense on the Liability Related to the Sale of Future Royalties

The total expected royalty payments less the net proceeds received are recorded as non-cash interest expense over the life of the liability. Interest is imputed on the unamortized portion using the effective interest method and is recorded based on the timing of the payments received over the term of the Monjuvi Royalty Sale Agreement. The actual interest rate will be affected by the timing of the royalty payments and changes in the forecasted revenue.

Deferred Income Related to the Sale of Future Revenues

We treat the sale of future Ultomiris royalties as deferred income, amortized under the units-of-revenue method by computing a ratio of the proceeds received to the total expected payments over the term of the Ultomiris Royalty Sale Agreement. See Note 11. The amortization of the liability related to the sale of future royalties is based on our current estimate of future royalty payments. Royalty revenue will be recognized as earned and the payments made will be a reduction of the liability when paid.

Recent Accounting Pronouncements

There have been no material changes in recently issued or adopted accounting standards from those disclosed in the Company's 2023 Annual Report on Form 10-K. The Company has reviewed all recently issued accounting pronouncements and does not believe they will have a material impact on our results of operations, financial condition or cash flows.

There have been no other material changes to the significant accounting policies previously disclosed in the Company’s 2023 Annual Report on Form 10-K.

2. Fair Value of Financial Instruments

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

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

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

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

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

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

	March 31, 2024 (unaudited)			December 31, 2023		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
Money Market Funds	$ 3,447	$ 3,447	$ —	$ 25,520	$ 25,520	$ —
Corporate Securities	264,629	—	264,629	228,723	—	228,723
Government Securities	350,698	—	350,698	414,514	—	414,514
	$ 618,774	$ 3,447	$ 615,327	$ 668,757	$ 25,520	$ 643,237

Our policy is to record transfers of assets between Level 1 and Level 2 at their fair values as of the end of each reporting period, consistent with the date of the determination of fair value. During the three months ended March 31, 2024 and 2023, there were no transfers between Level 1 and Level 2.

3. Net Loss Per Common Share

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

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

	Three Months Ended March 31,	
	2024	2023
	(in thousands, except share and per share data)	
Numerator:		
Net loss attributable to Xencor, Inc.	$ (68,033)	$ (60,763)
Denominator:		
Weighted-average common shares outstanding used in computing basic and diluted net loss	61,212,324	59,771,674
Basic and diluted net loss per common share attributable to Xencor, Inc.	$ (1.11)	$ (1.02)

For the three months ended March 31, 2024 and 2023, all outstanding potentially dilutive securities have been excluded from the calculation of diluted net loss per common share as the effect of including such securities would have been anti-dilutive.

4. Comprehensive Income (Loss)

Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss). For each of the three-month periods ended March 31, 2024 and 2023, the only component of other comprehensive income (loss) is net unrealized gain (loss) on marketable debt securities. There were no material reclassifications out of accumulated other comprehensive income (loss) during each of the three-month periods ended March 31, 2024 and 2023.

5. Marketable Debt and Equity Securities

The Company's marketable debt securities held as of March 31, 2024 and December 31, 2023 are summarized below:

March 31, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(in thousands)				
Money Market Funds	$ 3,447	$ —	$ —	$ 3,447
Corporate Securities	264,706	69	(146)	264,629
Government Securities	350,764	141	(207)	350,698
	$ 618,917	$ 210	$ (353)	$ 618,774
Reported as				
Cash and cash equivalents				$ 3,447
Marketable securities				615,327
Total investments				$ 618,774

December 31, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(in thousands)				
Money Market Funds	$ 25,520	$ —	$ —	$ 25,520
Corporate Securities	228,382	342	(1)	228,723
Government Securities	413,553	1,037	(76)	414,514
	$ 667,455	$ 1,379	$ (77)	$ 668,757
Reported as				
Cash and cash equivalents				$ 25,520
Marketable securities				643,237
Total investments				$ 668,757

The maturities of the Company's marketable debt securities as of March 31, 2024 are as follows:

March 31, 2024	Amortized Cost	Estimated Fair Value
(in thousands)		
Mature in one year or less	$ 460,336	$ 460,367
Mature within two years	155,134	154,960
	$ 615,470	$ 615,327

The unrealized losses on available-for-sale investments and their related fair values as of March 31, 2024 and December 31, 2023 are as follows:

	Less than 12 months		12 months or greater	
March 31, 2024	Fair value	Unrealized losses	Fair value	Unrealized losses
(in thousands)				
Corporate Securities	$ 51,230	$ (42)	$ 53,122	$ (104)
Government Securities	110,170	(35)	36,427	(172)
	$ 161,400	$ (77)	$ 89,549	$ (276)

	Less than 12 months		12 months or greater	
December 31, 2023	Fair value	Unrealized losses	Fair value	Unrealized losses
(in thousands)				
Corporate Securities	$ 8,073	$ (1)	$ —	$ —
Government Securities	66,546	(76)	—	—
	$ 74,619	$ (77)	$ —	$ —

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

The Company's equity securities include securities with a readily determinable fair value. These investments are carried at fair value with changes in fair value recognized each period and reported within other income (expense), net. For the three months ended March 31, 2024, a gain of $2.3 million was recorded under other income (expense) related to these securities. For the three months ended March 31, 2023, a loss of $2.9 million was recorded under other income (expense). Equity securities with a readily determinable fair value, which are categorized as Level 1 in the fair value hierarchy under ASC 820, and their fair values (in thousands) as of March 31, 2024 and December 31, 2023 are as follows:

	Fair Value March 31, 2024	Fair Value December 31, 2023
Astria Common Stock	$ 9,823	$ 5,360
INmune Common Stock	22,155	21,231
Viridian Common Stock	12,557	15,619
	$ 44,535	$ 42,210

The Company holds 697,867 shares of common stock of Astria as of March 31, 2024. The common stock has a readily determinable fair value, and the Company recorded a gain in equity securities related to the adjustment in the fair value of Astria common stock for the three months ended March 31, 2024.

The Company currently holds 1,885,533 shares of common stock of INmune Bio, Inc. (INmune). The 1,885,533 shares of INmune common stock are classified as equity securities with a readily determinable fair value, and the adjustment in the fair value of the shares of INmune common stock has been recorded as a gain in equity securities for the three months ended March 31, 2024.

The Company currently holds 717,144 shares of common stock of Viridian Therapeutics, Inc. (Viridian). The shares of Viridian common stock are classified as equity securities with a readily determinable fair value, and the adjustment in the fair value of the shares of Viridian common stock was recorded as a loss in equity securities for the three months ended March 31, 2024.

Unrealized gain (loss) recognized on equity securities during each of the three-month periods ended March 31, 2024 and 2023, consist of the following:

	Three Months Ended March 31,	
	2024	2023
Net and unrealized gain (loss) recognized on equity securities	$ 2,325	$ (2,898)

The Company also has investments in equity securities without a readily determinable fair value. The Company elects the measurement alternative to record these investments at their initial cost and evaluates such investments at each reporting period for evidence of impairment, or observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Equity securities without a readily determinable fair value and their carrying values (in thousands) as of March 31, 2024 and December 31, 2023 are as follows:

	Carrying Value March 31, 2024	Carrying Value December 31, 2023
Zenas Preferred Stock	$ 43,560	$ 64,210

The Company currently holds an equity interest in Zenas BioPharma, Inc. (Zenas), a private biotechnology company. The Company's equity interests include preferred stock in Zenas which were received as upfront payments and a milestone payment for licensing certain clinical and preclinical assets from the Company. The Company elected the measurement alternative to carry the Zenas equity at cost minus impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. During the three months ended March 31, 2024, we recorded a $20.6 million impairment charge as a result of Zenas closing a Series C financing transaction on May 3, 2024 as the transaction suggested an indicator of impairment that existed at March 31, 2024.

6. Stock Based Compensation

In June 2023, our Board of Directors (the Board) and stockholders approved the 2023 Equity Incentive Plan (the 2023 Plan), which became effective as of June 14, 2023. The Board and the requisite stockholders previously approved the 2013 Equity Incentive Plan (the 2013 Plan). We suspended the 2013 Plan, and no additional award may be granted under the 2013 Plan. The 2023 Plan reserve consists of 3,000,000 shares and the remaining available shares from the 2013 Plan as of the effective date of the 2023 Plan. In addition, any shares of common stock covered by awards granted under the 2013 Plan that terminate on or after June 14, 2023 by expiration, forfeiture, cancellation, or other means without the issuance of such shares will be added to the 2023 Plan reserve. The 2023 Plan does not include a provision for an automatic increase in shares, also known as an evergreen provision.

As of March 31, 2024, the total number of shares of common stock available for issuance under the 2023 Plan is 18,798,477, which includes shares of common stock that were available for issuance under the prior Plans as of the effective date of the 2023 Plan. As of March 31, 2024, a total of 1,977,176 options have been granted under the 2023 Plan.

In November 2013, the Board and our stockholders approved the ESPP, which became effective as of December 5, 2013. As of March 31, 2024, the total number of shares of common stock available for issuance under the ESPP is 1,041,340. Unless otherwise determined by the Board, beginning on January 1, 2014, and continuing until January 1, 2023, the total number of shares of common stock available for issuance under the ESPP automatically increased annually on January 1 by the lesser of (i) 1% of the total number of issued and outstanding shares of common stock as of December 31 of the immediately preceding year, or (ii) 621,814 shares of common stock. The automatic increase has expired, and the number of shares of common stock available for issuance under the ESPP was not increased on January 1, 2024. As of March 31, 2024, we have issued a total of 733,478 shares of common stock under the ESPP.

During the three months ended March 31, 2024, the Company awarded 796,660 RSUs to certain employees. The standard vesting of these awards is generally in three equal annual installments and is contingent on an employee's continued service to the Company. The fair value of these awards is determined based on the intrinsic value of the stock on

the date of grant and will be recognized as stock-based compensation expense over the requisite service period. As of March 31, 2024, a total of 883,327 RSUs have been granted under the 2023 Plan.

Total employee, director and non-employee stock-based compensation expense recognized for the three months ended March 31, 2024 and 2023 are as follows (in thousands):

	Three Months Ended March 31,	
	2024	2023
General and administrative	$ 4,699	$ 4,276
Research and development	6,722	8,323
	$ 11,421	$ 12,599

	Three Months Ended March 31,	
	2024	2023
Stock options	$ 6,873	$ 6,983
ESPP	206	322
RSUs	4,342	5,294
	$ 11,421	$ 12,599

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

	Number of Shares Subject to Outstanding Options	Weighted Average Exercise Price (Per Share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Balance at December 31, 2023	11,142,986	$ 29.60	6.03	$ 9,977
Options granted	1,763,778	$ 22.81		
Options forfeited	(206,485)	$ 31.55		
Options exercised	(152,682)	$ 11.70		
Balance at March 31, 2024	12,547,597	$ 28.84	6.22	$ 9,618
Exercisable	8,185,860	$ 29.38	4.76	$ 9,465

We calculate the intrinsic value as the difference between the exercise price of the options and the closing price of common stock of $22.13 per share as of March 31, 2024.

The weighted-average fair value of options granted during the three-month periods ended March 31, 2024 and 2023 were $22.81 and $31.40 per share, respectively. There were 1,620,256 options granted during the three-month period ended March 31, 2023. We estimated the fair value of each equity award, including stock options and shares issued under our ESPP, using the Black-Scholes option-pricing model based on the date of grant of such stock option or ESPP share issuance date, with the following weighted average assumptions for the three months ended March 31, 2024 and 2023:

	Options	
	Three Months Ended March 31,	
	2024	2023
Expected term (years)	6.4	6.0
Expected volatility	50.0 %	50.5 %
Risk-free interest rate	4.12 %	4.26 %
Expected dividend yield	— %	— %

	ESPP Three Months Ended March 31,	
	2024	2023
Expected term (years)	0.5 - 2.0	0.5 - 2.0
Expected volatility	43.0%	43.2% - 55.7%
Risk-free interest rate	4.71% - 5.39%	0.13% - 4.72%
Expected dividend yield	— %	— %

As of March 31, 2024, the unamortized compensation expense related to unvested stock options was $61.5 million. The remaining unamortized compensation expense will be recognized over the next 2.8 years. As of March 31, 2024, the unamortized compensation expense under our ESPP was $1.4 million. The remaining unamortized expense will be recognized over the next 1.7 years.

The following table summarizes the RSU activity for the three-month period ended March 31, 2024:

	Restricted Stock Units	Weighted Average Grant Date Fair Value (Per unit)
Unvested RSUs at December 31, 2023	1,490,040	$ 30.66
Granted	796,660	22.83
Vested	(483,812)	32.34
Forfeited	(91,443)	30.76
Unvested RSUs at March 31, 2024	1,711,445	$ 26.52

As of March 31, 2024, the unamortized compensation expense related to unvested RSUs was $40.6 million. The remaining unamortized expense will be recognized over the next 2.3 years.

7. Leases

The Company leases office and laboratory space in Monrovia, California under a lease that expires in December 2025 with an option to renew for an additional five years at then market rates. The Company has assessed that it is unlikely to exercise the option to extend the lease term.

In June 2021, the Company entered into an Agreement of Lease (Lease Agreement) for laboratory and office space in Pasadena, California, which will expire in July 2035. The Lease Agreement provides for two separate phases of lease and occupancy. The first phase commenced on August 1, 2022 and provides the Company with an improvement allowance up to $17.0 million. The second phase of the lease agreement will commence no later than September 30, 2026 and includes an additional improvement allowance up to $3.3 million. In August 2022, the Company entered into an amendment, which the Company received an additional $5.0 million in tenant improvement allowance in exchange for an increase in the rental rate of the phase 1 space. The Company received delivery of the second phase premises on December 1, 2022. The Company placed the new facility into service in February 2023. In January 2024, the Company entered into an amendment, in which the Company will be paid for $0.7 million of tenant improvement allowance from the second phase for HVAC costs in the first phase.

In August 2023, the Company entered into a Sublease Agreement for office space in San Diego, California. The term of the Sublease Agreement begins in September 2023 and ends in December 2027. In connection with the Sublease Agreement, the Company provided a $0.4 million Letter of Credit to the landlord. The Letter of Credit will decline over the term of the lease. The Company also entered into a Cash Collateral Agreement for $0.4 million, which is classified as restricted cash in the Consolidated Balance Sheets.

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

The following table reconciles the undiscounted cash flows for the operating leases at March 31, 2024 to the operating lease liabilities recorded on the balance sheet (in thousands):

Years ending December 31,	
For the remainder of 2024	$ 4,460
2025	8,022
2026	9,238
2027	9,560
2028	9,076
2029	9,331
Thereafter	57,104
Total undiscounted lease payments	106,791
Less: Tenant allowance	(3,252)
Less: Imputed interest	(34,650)
Present value of lease payments	$ 68,889
Lease liabilities - short-term	$ 2,079
Lease liabilities - long-term	66,810
Total lease liabilities	$ 68,889

The following table summarizes lease costs and cash payments for the three months ended March 31, 2024 and 2023 (in thousands):

	Three Months Ended March 31,	
	2024	**2023**
Operating lease cost	$ 1,881	$ 2,181
Variable lease cost	830	234
Total lease costs	$ 2,711	$ 2,415
Cash paid for amounts included in the measurement of lease liabilities	$ 1,070	$ 724

As of March 31, 2024, the weighted-average remaining lease term for operating leases is 10.9 years, and the weighted-average discount rate for operating leases is 7.0%. As of March 31, 2023, the weighted-average remaining lease term for operating leases was 11.8 years, and the weighted-average discount rate for operating leases was 8.9%.

8. Commitments and Contingencies

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

The Company is obligated to make future payments to third parties pursuant to certain license agreements, including sublicense fees, royalties, and payments that become due and payable on the achievement of certain development and commercialization milestones. As the amount and timing of sublicense fees and the achievement and timing of these milestones are not probable and estimable, such commitments have not been included on the Company's balance sheets for the periods ended March 31, 2024 and December 31, 2023. The Company has also entered into agreements with third-party vendors that will require us to make future payments upon the delivery of goods and services in future periods.

9. Collaboration and Licensing Agreements

The following is a summary description of the material collaboration arrangements in the three months ended March 31, 2024 and 2023.

Alexion Pharmaceuticals, Inc.

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

The Company is entitled to receive royalties based on a percentage of net sales of Ultomiris sold by Alexion, its affiliates or its sublicensees, which percentage is in the low single digits. Alexion's royalty obligations continue on a product-by-product and country-by-country basis until the expiration of the last-to-expire valid claim in a licensed patent covering the applicable product in such country.

On November 3, 2023, the Company entered into the Ultomiris Royalty Sale Agreement with OMERS, in which OMERS acquired the rights to certain royalties associated with the existing license relating to Ultomiris. For the three months ended March 31, 2024, Company earned and recognized $9.4 million in non-cash royalty revenue under the Ultomiris Royalty Sale Agreement.

The Company recognized $9.4 million of non-cash royalty revenue and $10.5 million of royalty revenue under this arrangement for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, there is no receivable and no deferred revenue related to this agreement.

Astria Therapeutics, Inc.

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

The Company recognized an unrealized gain of $4.5 million related to its equity interest in Astria for the three months ended March 31, 2024. The Company recognized an unrealized loss of $0.4 million related to its equity interest in Astria for the three months ended March 31, 2023. There is no deferred revenue as of March 31, 2024 related to this agreement.

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

In February 2019, the Company entered into a collaboration and license agreement (the Genentech Agreement) with Genentech, Inc. and F. Hoffmann-La Roche Ltd (collectively, Genentech) for the development and commercialization of novel IL-15 collaboration products (Collaboration Products), including efbalropendekin alfa (also named XmAb306 and RG6323), the Company's IL-15/IL15Rα-Fc candidate.

Under the terms of the Genentech Agreement, Genentech received an exclusive worldwide license to XmAb306 and we share in 45% of development and commercialization costs of Collaboration Products, and we are eligible to share in 45% of net profits and losses from the sale of approved products. However, in the fourth quarter of 2023, we agreed with Genentech to convert our current development cost and profit-sharing arrangement into a royalty and milestone payment-based arrangement. Pursuant to the terms of the amended agreement with Genentech, effective June 1, 2024, Genentech will assume sole responsibility over all clinical, regulatory and commercial activities. We are eligible to receive up to $600.0 million in milestones, including $115.0 million in development milestones, $185.0 million in regulatory milestones and $300.0 million in sales-based milestones and tiered royalties ranging from low double-digit to mid-teens percentages.

The Company did not recognize revenue related to the Genentech Agreement for the three months ended March 31, 2024 or 2023. As of March 31, 2024, there is a $3.1 million payable related to cost-sharing development activities during the first quarter of 2024 for development studies being conducted under the Genentech Agreement. There is no deferred revenue as of March 31, 2024, as obligations to perform research activities have expired.

INmune Bio, Inc.

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

For the three months ended March 31, 2024 and 2023, the Company recorded unrealized gains of $0.9 million and $0.2 million, respectively, related to its investment in INmune.

Janssen Biotech, Inc., a Johnson & Johnson company

J&J Agreement

In November 2020, the Company entered into a Collaboration and License Agreement (the J&J Agreement) with Janssen Biotech, Inc., a Johnson & Johnson company, pursuant to which the Company and J&J conducted research and development activities to discover novel CD28 bispecific antibodies for the treatment of prostate cancer. Xencor together with J&J conducted joint research activities to discover XmAb bispecific antibodies against CD28 and against an undisclosed prostate tumor-target with J&J maintaining exclusive worldwide rights to develop and commercialize licensed products identified from the research activities.

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

The Company did not recognize revenue for the three months ended March 31, 2024 and 2023 under the J&J Agreement. As of March 31, 2024, there is no deferred revenue related to this Agreement.

Second J&J Agreement

On October 1, 2021, the Company entered into a second Collaboration and License Agreement (the Second J&J Agreement) with J&J pursuant to which the Company granted J&J an exclusive worldwide license to develop, manufacture, and commercialize plamotamab, the Company's CD20 x CD3 development candidate, and pursuant to which Xencor and J&J conducted research and development activities to discover novel CD28 bispecific antibodies. The parties conducted joint research activities for a two-year period to discover XmAb bispecific antibodies against CD28 and undisclosed B cell tumor-targets with J&J receiving exclusive worldwide rights, subject to certain Xencor opt-in rights, to develop, manufacture and commercialize pharmaceutical products that contain one or more of such discovered antibodies (CD28 Licensed Antibodies). The Agreement became effective on November 5, 2021.

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

The Company is generally responsible for conducting research activities under the Second J&J Agreement, and J&J is generally responsible for all development, manufacturing, and commercialization activities for CD28 Licensed Antibodies that are advanced. Revenue from the research activities was recognized over a period of time through the end of the research term that services were rendered as we determined that the input method was the appropriate approach to recognize income for such services.

There is a receivable of $1.9 million as of March 31, 2024, related to cost-sharing activities for development of plamotamab under the Second J&J Agreement. No revenue was recognized for the three months ended March 31, 2024, and the Company recognized $5.2 million of revenue for the three months ended March 31, 2023. There is no deferred revenue as of March 31, 2024 related to the Second J&J Agreement as obligations to perform research activities have expired.

MorphoSys AG/Incyte Corporation

In June 2010, the Company entered into a Collaboration and License Agreement with MorphoSys AG (MorphoSys), which was subsequently amended. Under the agreement, we granted MorphoSys an exclusive worldwide

license to the Company's patents and know-how to research, develop and commercialize the XmAb5574 product candidate (subsequently renamed MOR208 and tafasitamab) with the right to sublicense under certain conditions. In February 2024, Incyte Corporation 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.

On November 3, 2023, the Company entered into the Monjuvi Royalty Sale Agreement with OMERS, pursuant to which OMERS acquired the rights to certain royalties earned after July 1, 2023 associated with the existing license relating to Monjuvi. For the three months ended March 31, 2024, the Company earned and recognized $2.9 million in royalty revenue, all of which was non-cash royalty revenue under the Monjuvi Royalty Sale Agreement.

The Company recognized $2.9 million of non-cash royalty revenue and $1.8 million of royalty revenue during the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, there is a receivable of $3.4 million related to estimated royalties due under the arrangement. As of March 31, 2024, there is no deferred revenue related to this agreement.

Vega Therapeutics, Inc.

In October 2021, the Company entered into a Technology License Agreement (the Vega Agreement) with Vega Therapeutics, Inc. (Vega), in which the Company provided Vega a non-exclusive license to its Xtend Fc technology. In March 2024, Vega notified the Company that it initiated a Phase 1 study, and the Company recorded milestone revenue of $0.5 million.

The Company recognized $0.5 million of revenue for the three months ended March 31, 2024. No revenue was recognized for the three months ended March 31, 2023.

Vir Biotechnology, Inc.

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

In March 2020, the Company entered into a second Patent License Agreement (the Second Vir Agreement) with Vir pursuant to which the Company provided a non-exclusive license to its Xtend technology to extend the half-life of novel antibodies Vir developed as potential treatments for patients with COVID-19, including sotrovimab. Under the terms of the Second Vir Agreement, Vir is responsible for all research, development, regulatory and commercial activities for the antibodies, and the Company is eligible to receive royalties on the net sales of approved products in the mid-single digit percentage range. Vir and its marketing partner, GSK, began recording sales for sotrovimab beginning in June 2021.

No revenue was recognized for the three months ended March 31, 2024, and the Company recognized $1.5 million of royalty revenue for the three months ended March 31, 2023. As of March 31, 2024, there is no receivable related to estimated royalty due under this agreement, and there is no deferred revenue related to this agreement.

Viridian Therapeutics, Inc.

In December 2020 and in December 2021, the Company entered two separate license agreements with Viridian and received shares of Viridian common stock for each license. During 2023, Viridian terminated the initial license agreement, and the research term under the second license expired.

The Company reported unrealized losses of $3.1 million and $2.7 million for the three months ended March 31, 2024 and 2023, respectively, related to the shares of Viridian common stock. The Company did not recognize revenue for the three months ended March 31, 2024 or 2023. There is no deferred revenue as of March 31, 2024 related to this agreement.

Zenas BioPharma, Inc.

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

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

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

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

In 2023, Zenas initiated a Phase 3 clinical study with obexelimab and also dosed a second patient in the study. The Company received a development milestone in the form of additional preferred stock in Zenas with a fair value of $10.0 million.

The Company recognized an impairment charge of $20.6 million in the three months ended March 31, 2024 due to an impairment analysis of the Zenas' Series C financing transaction. The Company did not record an impairment charge or change in the value of the Zenas equity in the three months ended March 31, 2023. The Company did not recognize any revenue for the three months ended March 31, 2024 or 2023, and there is no deferred revenue related to this agreement.

Gale Therapeutics Inc.

In the fourth quarter of 2023, the Company formed a subsidiary, Gale Therapeutics Inc. (Gale), to develop novel drug candidates with its Fc technologies. In December 2023, the Company entered into a Technology License Agreement (Gale License Agreement) with Gale in which Gale received an exclusive worldwide, royalty-bearing, non-transferable license to preclinical assets in exchange for royalties on future sales and an option for future drug candidates that Gale will develop. Concurrently, the Company entered into a Service Agreement (Gale Services Agreement) to provide research and development services and administrative support for Gale. In exchange for $7.5 million of funding, the Company acquired a majority stake in Gale. Total charges of $2.7 million under the Services Agreement for the three months ended March 31, 2024 were eliminated in consolidation.

Revenues earned

The revenues recorded for the three months ended March 31, 2024 and 2023 were earned principally from the following licensees (in millions):

	Three Months Ended March 31,	
	2024	2023
Alexion	$ 9.4	$ 10.5
Janssen	—	5.2
MorphoSys	2.9	1.8
Vega	0.5	—
Vir	—	1.5
Total	$ 12.8	$ 19.0

The table below summarizes the disaggregation of revenue recorded for the three months ended March 31, 2024 and 2023 (in millions):

	Three Months Ended March 31,	
	2024	2023
Research collaboration	$ —	$ 0.2
Milestone	0.5	5.0
Royalties	—	13.8
Non-cash royalties	12.3	—
Total	$ 12.8	$ 19.0

Remaining Performance Obligations and Deferred Revenue

The Company does not have any remaining performance obligation as of March 31, 2024. As of March 31, 2023, the Company had deferred revenue of $30.1 million for conducting research activities pursuant to the Second J&J Agreement. All deferred revenue as of March 31, 2023 was classified as current liabilities as the Company's obligations to perform services are due on demand when requested by J&J under the Second J&J Agreement.

10. Income taxes

There is no provision for income tax for the three months ended March 31, 2024 or 2023. As of March 31, 2024, the Company's deferred income tax assets, consisting primarily of net operating loss and tax credit carryforwards, have been fully offset by a valuation allowance.

11. Sale of Future Royalties

Ultomiris Royalty Sale Agreement

The Company evaluated the arrangement and determined that the proceeds from the sale of future royalties should be recorded as deferred income on the balance sheets as none of the criteria for classification as debt were met in accordance with ASC 470 *Debt*. The Company records the non-cash royalty revenue under the "units-of-revenue" method in the consolidated statements of income (loss). For the three months ended March 31, 2024, the Company recognized $9.4 million of non-cash royalty revenue. There is $147.5 million in deferred income as of March 31, 2024.

Monjuvi Royalty Sale Agreement

The Company evaluated the arrangement and determined that the proceeds from the sale of future royalties should be classified as debt according to ASC 470 *Debt*. As of March 31, 2024, the estimated effective rate under the agreement remains to be 21.1%. The Company will continue to reassess the estimate of total future royalty payment and prospectively adjust the imputed interest rate and related amortization if the estimate is materially different. For the three months ended March 31, 2024, the Company recognized $2.9 million of non-cash royalty revenue and $1.1 million of non-cash interest expense.

The following table shows the activity within debt for the quarter ended March 31, 2024 (in thousands):

	March 31, 2024
Beginning balance of debt related to sale of future royalties	$ 20,974
Royalties owed to OMERS	349
Royalties paid to OMERS	(1,950)
Non-cash interest expense recognized	1,067
Ending balance of debt related to sale of future royalties	$ 20,440
Debt - short-term	7,951
Debt - long-term	12,489
Total debt	$ 20,440

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

The following discussion and analysis should be read in conjunction with our financial statements and accompanying notes included in this Quarterly Report on Form 10-Q and the financial statements and accompanying notes thereto for the fiscal year ended December 31, 2023 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K for the year ended December 31, 2023. See also "Special Note Regarding Forward-Looking Statements" included in this Quarterly Report on Form 10-Q.

Company Overview

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

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

Refer to Part I, Item 1, "XmAb Bispecific Fc Domain and New Multi-Specific Antibody Formats" and "Other XmAb Fc Domains" in the description of our business included in our Annual Report on Form 10-K for the year ended December 31, 2023 for a discussion of our core Fc technology platforms.

Clinical-Stage XmAb Drug Candidates

Our modular XmAb bispecific technology and protein engineering capabilities enable us to rapidly advance multiple drug candidates into clinical development. We and our partners are currently enrolling Phase 1 or Phase 2 studies for five wholly-owned or co-development candidates to treat patients with many different types of cancer and autoimmune diseases,

Vudalimab (PD-1 x CTLA-4): Vudalimab is a bispecific antibody that targets PD-1 and CTLA-4, two immune checkpoint receptors, to selectively activate the tumor microenvironment, and it is being developed for patients with metastatic castration-resistant prostate cancer (mCRPC) and patients with locally advanced or metastatic non-small cell lung cancer. Data from a Phase 1 study that enrolled heavily pretreated patients with multiple solid tumor types indicated that vudalimab was generally well-tolerated with encouraging clinical activity.

We are conducting a Phase 2 study of vudalimab in patients with mCRPC, as a monotherapy or in combination with chemotherapy for patients with aggressive variant prostate cancer, as these patients represent a high unmet medical need. We are also conducting a second Phase 2 study in patients with clinically-defined high-risk mCRPC, in which initial data indicates that vudalimab monotherapy has been generally well tolerated and associated with response to treatment in multiple patients who have visceral or lymph node metastases. In March 2024, we disclosed additional clinical data showing characteristics of patients with clinical response (n=5/12) and per label rates of immune-mediated hepatitis for ipilimumab (anti-CTLA-4; 1 mg/kg) + nivolumab (anti-PD-1; 3 mg/kg) combination treatment, as generally comparable to the rate of all hepatobiliary disorder adverse events including immune-mediated hepatitis for vudalimab among all patients treated at doses greater than or equal to 10 mg/kg.

We are also conducting a Phase 1b/2 study evaluating vudalimab as a first-line treatment in patients with locally advanced or metastatic non-small cell lung cancer.

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

XmAb808 (B7-H3 x CD28): XmAb808 is a tumor-selective, co-stimulatory XmAb 2+1 bispecific antibody designed to bind to the broadly expressed tumor antigen B7-H3 and selectively to the CD28 T-cell co-receptor only when bound to tumor cells. We are conducting a Phase 1 study to evaluate XmAb808 in combination with pembrolizumab in patients with advanced solid tumors.

XmAb541 (CLDN6 x CD3): XmAb541 is a bispecific antibody that targets Claudin-6 (CLDN6) and CD3. CLDN6 is a tumor-associated antigen in ovarian cancer 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 currently enrolling a Phase 1 study to evaluate XmAb541 in patients with ovarian cancer and other CLDN6 expressing tumor types. The first patient was dosed in April 2024.

XmAb564 (IL2-Fc Cytokine): XmAb564 is a wholly-owned, monovalent, interleukin-2 Fc (IL-2-Fc) fusion protein engineered to selectively activate and expand regulatory T cells (Tregs) for the potential treatment of patients with autoimmune diseases. We have been conducting a randomized, double-blind, placebo-controlled Phase 1b clinical study to evaluate the safety and tolerability of multiple ascending doses of XmAb564, administered subcutaneously in patients with atopic dermatitis or psoriasis. As previously disclosed, we plan to conclude the Phase 1b study in the first half of 2024 and pause further development of XmAb564 until after assessment of future data from competitor programs in this class and review of safety and biomarker data in the Phase 1b study.

XmAb662 (IL12-Fc Cytokine): XmAb662 is a potency-reduced interleukin-12 Fc (IL12-Fc) fusion protein engineered to increase anti-tumor activity and immunogenicity in the tumor microenvironment by promoting high levels of interferon gamma secretion from T cells and NK cells. We have been conducting a Phase 1 study to evaluate XmAb662 in patients with advanced solid tumors. As previously disclosed, we plan to conclude the Phase 1 study in the first half of 2024 and pause further development of XmAb662 until after assessment of future data from competitor programs in this class and review of safety and biomarker data in the Phase 1 study.

Candidates Co-Developed with Partners

Plamotamab (CD20 x CD3): Plamotamab is a bispecific antibody that targets CD20, an antigen on B-cell tumors, and CD3, an activating receptor on T cells, and we are co-developing the program in collaboration with J&J. Results from the expansion portion of a Phase 1 study in patients with refractory non-Hodgkin lymphoma indicate that intravenous plamotamab monotherapy was well tolerated and demonstrated encouraging clinical activity in heavily pretreated patients at the recommended Phase 2 intravenous dose. In 2023, we completed patient enrollment in subcutaneous dose escalation cohorts of this study.

Efbalropendekin alfa (IL15/IL15Rα-Fc Cytokine): Efbalropendekin alfa (XmAb306/RG6323) is a reduced-potency IL15/IL15Rα-Fc fusion protein that incorporates our Xtend extended half-life technology, and we are co-developing this program in collaboration with Genentech, a member of the Roche Group. Genentech is conducting a Phase 1 study of efbalropendekin as a single agent and in combination with atezolizumab in patients with advanced solid tumors and is also conducting Phase 1 studies, evaluating efbalropendekin in patients with relapsed/refractory multiple myeloma, either in combination with daratumumab (anti-CD38 antibody) or in combination with cevostamab (FcRH5 x CD3 bispecific antibody). In the fourth quarter of 2023, we agreed with Genentech to convert our current development cost and profit-sharing arrangement into a royalty and milestone payment-based arrangement. Pursuant to the terms of the amended agreement with Genentech, effective June 1, 2024, Genentech will assume sole responsibility over all clinical, regulatory and commercial activities. We will be eligible for up to $600.0 million in milestones and tiered royalties on approved sales from low double-digit to mid-teen percentages range.

Advancements Expanding XmAb Bispecific Platforms

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

We use the modularity of our XmAb bispecific Fc technology to build antibody-based therapeutics in a variety of formats, such as T cell engaging bispecific antibodies of a mixed valency format, the XmAb 2+1 bispecific antibody. XmAb 2+1 bispecific antibodies may preferentially kill tumor cells with high target expression, which may be especially beneficial in designing antibodies that target solid tumors. This selectivity potentially empowers T cell engaging bispecifics (e.g., CD3, CD28) to address an expanded set of tumor antigens. Five clinical-stage programs utilize our XmAb 2+1 format: XmAb819, XmAb808, XmAb541, xaluritamig and ASP2138.

Additionally, we have engineered CD28 bispecific antibodies to provide conditional CD28 co-stimulation of T cells, activating them when bound to tumor cells. Targeted CD28 bispecific antibodies may provide conditional co-stimulation of T cells, for example, to T cells recognizing neoantigens or in concert with CD3 T-cell engaging bispecific antibodies. In addition to our first clinical-stage CD28 program, XmAb808, our CD28 platform is the subject of two collaborations with J&J. JNJ-9401 and JNJ-1493 are clinical-stage XmAb bispecific antibodies that J&J is developing in prostate cancer and B-cell malignancies, respectively, and both entered clinical development during the fourth quarter of 2023.

In the first quarter of 2024, we amended the MorphoSys Agreement, which included releasing us from certain exclusivity obligations relating to CD19.

Progress Across Partnerships

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

Product Licenses

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

The FDA approved Monjuvi® (tafasitamab-cxix) under accelerated approval in July 2020. Monjuvi is a CD19-directed cytolytic antibody indicated in combination with lenalidomide for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL) not otherwise specified, including DLBCL arising from low grade lymphoma, and who are not eligible for autologous stem cell transplant (ASCT). This indication is approved under accelerated approval based on overall response rate. Continued approval for this indication may be contingent upon

verification and description of clinical benefit in a confirmatory trial(s). In August 2021, the European Commission granted conditional marketing authorization for Minjuvi® (tafasitamab) in combination with lenalidomide, followed by tafasitamab monotherapy, for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL) who are not eligible for autologous stem cell transplantation (ASCT). Tafasitamab was created and initially developed by us. Tafasitamab is marketed by Incyte Corporation 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. Monjuvi® and Minjuvi® are registered trademarks of Incyte. In February 2024, Incyte acquired exclusive global development and commercialization rights to tafasitamab from MorphoSys AG. We earned $2.9 million in estimated non-cash royalties from MorphoSys for the three months ended March 31, 2024.

Technology License Agreements

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

Alexion's Ultomiris® uses Xtend Fc technology for longer half-life. Ultomiris has received marketing authorizations in global markets for the treatment of patients with paroxysmal nocturnal hemoglobinuria (PNH), for certain patients with atypical hemolytic uremic syndrome (aHUS), for certain patients with generalized myasthenia gravis (gMG) and for certain patients with neuromyelitis optica spectrum disorder (NMOSD). Ultomiris was approved in the U.S. for the treatment of adult patients with anti-aquaporin-4 antibody-positive NMOSD in March 2024. Alexion is also evaluating Ultomiris in a broad development program across additional hematology and neurology indications. We earned a total of $9.4 million in estimated non-cash royalties from Alexion for the three months ended March 31, 2024.

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

We have over 1,500 issued and pending patents worldwide to protect our XmAb technology platform and XmAb drug candidates.

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

As of March 31, 2024, we had an accumulated deficit of $532.4 million. Substantially all of the operating losses that we have incurred resulted from expenses incurred in connection with our product candidate development programs, our research activities and general and administrative costs associated with our operations.

Results of Operations

Comparison of the Three Months Ended March 31, 2024 and 2023

The following table summarizes our results of operations for the three months ended March 31, 2024 and 2023 (in millions):

	Three Months Ended March 31,		
	2024	2023	Change
Revenues:			
Research collaboration	$ —	$ 0.2	$ (0.2)
Milestone	0.5	5.0	(4.5)
Royalties	12.3	13.8	(1.5)
Total revenues	12.8	19.0	(6.2)
Operating expenses:			
Research and development	56.9	65.6	(8.7)
General and administrative	13.8	14.2	(0.4)
Total operating expenses	70.7	79.8	(9.1)
Other expense, net	(10.8)	—	(10.8)
Net loss	(68.7)	(60.8)	(7.9)
Net loss attributable to non-controlling interest	(0.7)	—	(0.7)
Net loss attributable to Xencor, Inc.	$ (68.0)	$ (60.8)	$ (7.2)

Revenues

Revenues for the three months ended March 31, 2024 are primarily from non-cash royalty revenue from Alexion and MorphoSys. Revenues for the three months ended March 31, 2023 are primarily from royalty revenue from Alexion and milestone revenue from J&J.

Research and Development Expenses

The following tables summarize our research and development expenses for the three months ended March 31, 2024 and 2023 (in millions):

	Three Months Ended March 31,		
	2024	2023	Change
Product programs:			
Bispecific programs:			
CD3 programs:			
*Plamotamab**	*$ 2.1*	*$ 5.7*	*$ (3.6)*
XmAb819 (ENPP3 x CD3)	*6.3*	*4.5*	*1.8*
XmAb541 (CLDN6 X CD3)	*2.5*	*4.6*	*(2.1)*
Total CD3 programs	10.9	14.8	(3.9)
XmAb808 (B7-H3 x CD28)	*5.3*	*3.9*	1.4
Tumor micro environment (TME) activator programs:			
Vudalimab	*11.5*	*7.7*	*3.8*
XmAb104	*2.5*	*7.2*	*(4.7)*
Total TME activators programs	14.0	14.9	(0.9)
Subtotal bispecific programs	30.2	33.6	(3.4)
Cytokine programs:			
*XmAb306/RG6323 programs**	*5.5*	*4.9*	*0.6*
XmAb564	*4.4*	*6.7*	*(2.3)*
XmAb662 (IL-12-Fc)	*2.9*	*3.3*	*(0.4)*
Total cytokine programs	12.8	14.9	(2.1)
Other, research and early stage programs	*13.3*	*14.0*	*(0.7)*
Wind down costs of terminated programs [1]	*0.6*	*3.1*	*(2.5)*
Total research and development expenses	$ 56.9	$ 65.6	$ (8.7)

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

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

	Three Months Ended March 31,		
	2024	2023	Change
External research and development expenses	$ 25.8	$ 28.9	$ (3.1)
Internal research and development expenses	24.4	28.4	(4.0)
Stock based compensation	6.7	8.3	(1.6)
Total research and development expenses	$ 56.9	$ 65.6	$ (8.7)

Research and development expenses decreased by $8.7 million for the three months ended March 31, 2024 over the same period in 2023 primarily due to decreased spending on our plamotamab, XmAb541, XmAb104, XmAb564, and wind down costs on terminated programs, partially offset by increased spending on our XmAb819, XmAb808, and vudalimab programs.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the three months ended March 31, 2024 and 2023 (in millions):

	Three Months Ended March 31,		
	2024	2023	Change
General and administrative	$ 13.8	$ 14.2	$ (0.4)

General and administrative expenses decreased by $0.4 million for the three months ended March 31, 2024 over the same period in 2023 primarily due to decreased spending on professional fees.

Other Expense, Net

Other expense, net was $10.8 million for the three months ended March 31, 2024, which consists of an impairment charge on equity investments, partially offset by interest income earned on investments and unrealized gain on equity investments. Other expense, net for the three months ended March 31, 2023 consists of unrealized loss recognized from the change in fair value of our equity investments, offset by interest income earned on investments.

Cash Flows

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

	Three Months Ended March 31,		
	2024	2023	Change
Net cash provided by (used in):			
Operating activities	$ (55,258)	$ (30,614)	$ (24,644)
Investing activities	$ 32,318	$ 48,144	$ (15,826)
Financing activities	$ 186	$ 922	$ (736)
Net increase (decrease) in cash	$ (22,754)	$ 18,452	$ (41,206)

Operating Activities

Cash used in operating activities for the three months ended March 31, 2024 and 2023 was $55.3 million and $30.6 million, respectively. The increase in cash used in operating activities is primarily due to decrease in royalty revenue received as a result of the sale of future royalties in 2023 in the three months ended March 31, 2024.

Investing Activities

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

Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2024 represents net proceeds from the exercise of stock options, partially offset by repayment of liability for the sale of future royalties. Net cash provided by financing activities for the three months ended March 31, 2023 represents net proceeds from the exercise of stock options. The proceeds received from option exercises increased by $0.9 million.

Liquidity and Capital Resources

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

As of March 31, 2024, we had $646.7 million of cash, cash equivalents, restricted cash, and marketable debt securities compared to $697.4 million as of December 31, 2023. The investments in marketable debt securities are further described above in Note 5, *Marketable Debt and Equity Securities*, of Notes to Financial Statements included in this Quarterly Report on Form 10-Q. We expect to continue to receive additional payments from our collaborators for research and development services rendered, additional milestone, opt-in and contingent payments, and royalties. Our ability to receive additional milestone payments and contingent payments from our partners is dependent upon either our ability or our partners' abilities to achieve certain levels of research and development activities and is therefore uncertain at this time.

Funding Requirements

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

Although it is difficult to predict our funding requirements, based upon our current operating plan, we expect that our existing cash, cash equivalents, marketable securities, and certain potential milestone payments will fund our operating expenses and capital expenditure requirements into 2027. We have based these estimates on assumptions that may prove to be wrong which would cause us to use our capital resources sooner than we currently expect.

Off-Balance Sheet Arrangements

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

Contractual Obligations and Commitments

There were no material changes outside of the ordinary course of business to our specific contractual obligations during the three months ended March 31, 2024.

Critical Accounting Policies

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in the quantitative or qualitative aspects of our market risk profile. For additional information regarding the Company's exposure to certain market risks, see "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" included in the Form 10-K for the fiscal year ended December 31, 2023.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15(b) and Rule 15d-15(b) of the Exchange Act, our management, with the supervision of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(b) and 15d-15(e)) as of March 31, 2024. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in this Quarterly Report on Form 10-Q has been appropriately recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, to allow timely decisions regarding required disclosure.

Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute assurance, that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Based on the evaluation of our disclosure controls and procedures as of March 31, 2024, our principal executive and principal financial officers have concluded that our disclosure controls and procedures were not effective due to a material weakness in our internal control over financial reporting as discussed below.

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 the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Based on our assessment as of March 31, 2024, management concluded that our internal control over financial reporting was not effective due to a material weakness related to the design and operating deficiencies in the impairment analysis of our equity investment in Zenas specifically related to securities without a readily determinable fair value. Due to the material weakness described herein, management completed additional procedures prior to filing this Quarterly Report.

Notwithstanding this material weakness and after completion of additional procedures prior to the filing of this Quarterly Report, our management, including our chief executive officer and chief financial officer, has concluded that our financial statements in this Quarterly Report represent fairly, in all material respects, our financial position, results of operations and cash flows for the periods presented in accordance with accounting principles generally accepted in the United States of America. The material weakness did not result in any restatements of consolidated financial statements previously reported by us, nor were there any changes to previously released financial results.

Management's Plan for Remediation of Material Weakness

As management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, we understand the importance of developing a resolution plan aligned with management and overseen by the Audit Committee of our Board of Directors. Since the material weakness was identified, management has been implementing and continues to implement measures designed to ensure that control deficiencies contributing to the material weakness are remediated, such that these controls are designed, implemented, and operating effectively. Our plan includes the following: (1) expand management's oversight of the impairment analysis of its equity investments in securities without a readily determinable fair value, (2) continue to implement improved processes and controls for documenting the impairment valuation process of securities without a readily determinable fair value, (3) engage external resources when required to assist with the assessment of valuation methodologies for securities without a readily determinable fair value and (4) continue to formalize and communicate policies related to the evaluation of early indicators of impairment of securities without a readily determinable fair value.
We recognize that the material weaknesses in our internal control over financial reporting will not be considered remediated until the remediated controls operate for a sufficient period of time and can be tested and concluded by management to be designed and operating effectively. We continue to evaluate and work to improve our internal control over financial reporting related to the identified material weaknesses and management may determine to take additional

measures to address control deficiencies or determine to modify the remediation plan described above. In addition, we report the progress and status of the above remediation efforts to the Audit Committee on a periodic basis.

Changes in Internal Control

Other than the remediation actions described above, there were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors

You should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, which could materially affect our business, financial position, or future results of operations. See also "Special Note Regarding Forward-Looking Statements" included in this Quarterly Report on Form 10-Q. In addition to the risks set forth in our Annual Report on Form 10-K for the year ended December 31, 2023, additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business.

Item 6. Exhibits

Exhibit Number	Description of Document
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on December 11, 2013).
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K, filed with the SEC on February 27, 2023).
4.1	Form of Common Stock Certificate of the Company (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 25, 2013).
4.2	Third Amended and Restated Investor Rights Agreement, dated June 26, 2013, among the Company and certain of its stockholders incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.1	Third Amendment to Lease, dated January 26, 2024, by and between the Company and AG-LC 465 North Halstead Owner, L.P. .
10.2	Employment Agreement dated March 11, 2024 by and between the Company and Bart Jan Cornelissen.
10.3	Employment Agreement dated April 7, 2023 by and between the Company and Nancy Valente.
10.4	Fourth Amendment to the License Agreement by and between the Company and MorphoSys AG.
31.1	Rule 13a-14(a) Certification of Principal Executive Officer.
31.2	Rule 13a-14(a) Certification of Principal Financial Officer.
32.1	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer.
101.INS	Inline XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Schema Document
101.CAL	Inline XBRL Calculation Linkbase Document
101.DEF	Inline XBRL Definition Linkbase Document
101.LAB	Inline XBRL Labels Linkbase Document
101.PRE	Inline XBRL Presentation Linkbase Document
104	104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

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

XENCOR, INC.

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

BY: /s/ BART JAN CORNELISSEN
Bart Jan Cornelissen
Chief Financial Officer
(Principal Financial Officer)

Dated: May 9, 2024

THIRD AMENDMENT TO LEASE

(465 North Halstead)

THIS THIRD AMENDMENT TO LEASE ("**Third Amendment**") is made and entered into as of the 26th day of January, 2024, by and between AG-LC 465 NORTH HALSTEAD OWNER, L.P., a Delaware limited partnership ("**Landlord**") and XENCOR, INC., a Delaware corporation ("**Tenant**").

R E C I T A L S:

1. Landlord and Tenant entered into that certain Lease dated as of April 30, 2021 (the "**Original Lease**"), as modified by (i) that certain First Amendment to Lease dated as of July 13, 2021 by and between Landlord and Tenant ("**First Amendment**"), and (ii) that certain Second Amendment to Lease dated as of August 2, 2022 by and between Landlord and Tenant ("**Second Amendment**"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain space located in that certain building located and addressed at 465 North Halstead Street, Pasadena, California (the "**Building**"). The Original Lease, as modified by the First Amendment and the Second Amendment, may be referred to herein as the "**Lease**."

2. By this Third Amendment, Landlord and Tenant desire to memorialize Landlord's and Tenant's agreement regarding the upgrade of the Building's HVAC system and to otherwise modify the Lease as provided herein.

3. Unless otherwise defined herein, capitalized terms as used herein shall have the same meanings as given thereto in the Lease.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

A G R E E M E N T:

1. HVAC Work. Landlord shall engage a California licensed, reputable HVAC contractor (the "**Contractor**") to perform upgrades to the base building HVAC system of the Building (the "**HVAC Work**"). Such HVAC Work is more particularly described in the HVAC scope of work attached hereto as Exhibit A (the "**HVAC Scope of Work**"). Landlord shall cause the HVAC Work to be performed in a good and workmanlike manner in compliance with applicable Law. All of the costs and expenses pertaining to the HVAC Work is referred to herein as the "**HVAC Work Costs**." A schedule of the estimated HVAC Work Costs is set forth on Exhibit B. As used herein, "**Tenant's Contribution**" shall mean an amount equal to seventy-five percent (75%) of the actual HVAC Work Costs. Tenant's Contribution shall be paid as follows: (i) twenty-five percent (25%) of Tenant's Contribution (in the estimated amount of Three Hundred Fifty-Eight Thousand Two Hundred Eighteen Dollars ($358,218.00)) shall be paid by Tenant to Landlord concurrently with Tenant's execution and delivery of this Third Amendment to Landlord, and (ii) the remaining balance of Tenant's Contribution (in the

estimated amount of Seven Hundred Sixteen Thousand Four Hundred Thirty-Seven Dollars ($716,437.00)) shall be paid from the Phase 2 Tenant Improvement Allowance (as defined in the Tenant Work Letter), with Landlord deducting from the Phase 2 Tenant Improvement Allowance Tenant's remaining balance of Tenant's Contribution. In furtherance of the foregoing, Tenant hereby authorizes Landlord, during the course of the HVAC Work, to disburse from the Phase 2 Tenant Improvement Allowance the HVAC Work Costs owed by Tenant (beyond the initial twenty-five percent (25%) contribution paid for by Tenant toward the HVAC Work Costs). Landlord shall pay for the remaining twenty-five percent (25%) of the HVAC Work Costs (in an estimated amount equal to Three Hundred Fifty-Eight Thousand Two Hundred Eighteen Dollars ($358,218.00), at Landlord's sole cost and expense. The estimated costs set forth above are set forth in Exhibit B. Upon completion of the HVAC Work and once the final costs of the HVAC Work are determined, Landlord shall reconcile the total HVAC Work Costs to confirm that each party has paid its share of the HVAC Work Costs.

2. Other Costs. As provided in Exhibit B, Landlord shall, at Landlord's sole cost and expense, be responsible for the POD C Compressor Upgrade (estimated cost to be One Hundred Five Thousand Ninety-Nine Dollars ($105,099.00) in the aggregate, provided that if the actual cost of the POD C Compressor Upgrade exceeds such estimated cost, any such excess cost shall be borne solely by Landlord).

3. Temporary HVAC Costs. Landlord and Tenant acknowledge and agree that Landlord, prior to the date hereof, provided temporary HVAC service to the Premises. Concurrently with Tenant's execution and delivery of this Third Amendment to Landlord, Tenant shall pay to Landlord an amount equal to One Hundred Thirty-Six Thousand Nine Hundred Sixteen Dollars ($136,916), which amount represents fifty percent (50%) of such temporary HVAC costs incurred by Landlord.

4. Authority. Each party represents and warrants that it has full right and authority to enter into this Third Amendment and to perform all of its obligations hereunder and that all persons signing this Third Amendment on its behalf are authorized to do so.

5. Brokers. Each party represents and warrants to the other that no broker, agent or finder negotiated or was instrumental in negotiating or consummating this Third Amendment. Each party further agrees to defend, indemnify and hold harmless the other party from and against any claim for commission or finder's fee by any person or entity who claim or allege that they were retained or engaged by the indemnifying party or at the request of such party in connection with this Third Amendment.

6. Signatures. The parties hereto consent and agree that this Third Amendment may be signed and/or transmitted by facsimile, e-mail of a .pdf document or using electronic signature technology (e.g., via DocuSign or similar electronic signature technology), and that such signed electronic record shall be valid and as effective to bind the party so signing as a paper copy bearing such party's handwritten signature. The parties further consent and agree that (1) to the extent a party signs this Third Amendment using electronic signature technology, by clicking "SIGN", such party is signing this Third Amendment electronically, and (2) the electronic

signatures appearing on this Third Amendment shall be treated, for purposes of validity, enforceability and admissibility, the same as handwritten signatures.

7. Defaults. Tenant hereby represents and warrants to Landlord that, as of the date of this Third Amendment, Tenant is in full compliance with all terms, covenants and conditions of the Lease and that there are no breaches or defaults under the Lease by Landlord or Tenant, and that Tenant knows of no events or circumstances which, given the passage of time, would constitute a default under the Lease by either Landlord or Tenant. Landlord hereby represents and warrants to Tenant that, as of the date of this Third Amendment, Landlord is in full compliance with all terms, covenants and conditions of the Lease and that there are no breaches or defaults under the Lease by Landlord or Tenant, and that Landlord knows of no events or circumstances which, given the passage of time, would constitute a default under the Lease by either Landlord or Tenant.

8. No Further Modification. Except as set forth in this Third Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect.

[Signature pages to follow.]

IN WITNESS WHEREOF, this Third Amendment has been executed as of the date first set forth above.

"Landlord"	AG-LC 465 NORTH HALSTEAD OWNER, L.P., a Delaware limited partnership By: /s/ Louis Friedel Name: Louis Friedel Its: Vice President
"Tenant"	XENCOR, INC., a Delaware corporation By: /s/ John J. Kuch Name: John J. Kuch Its: CFO

EXHIBIT “A”

HVAC SCOPE OF WORK

(See attached)

ENGINEERING CONSTRUCTION RETROFIT CONTROLS SERVICE

465 Halstead- MagStack Project

465 North Halstead Street, Pasadena, California 91107

For:

Dennise Pruitt-General Manager
Lincoln Property Company

AIR CONDITIONING SOLUTIONS | 2223 El Sol Ave. | Altadena, CA 91001| 167 Freedom Ave.| Anaheim, CA 92801
Tel: 888.685.5660
WWW.ACS.US

Date: January 19, 2024

Dennise Pruitt-General Manager
Lincoln Property Company
465 North Halstead Street, Pasadena, California 91107

Dear Dennise,

We are deeply grateful for the opportunity to present our proposal for enhancing the HVAC system serving your laboratories. Your trust and consideration in allowing us to offer our solution are sincerely valued. Please review our proposal below and let us know if you have any questions or concerns.

Project Management Field Labor and Engineering:

1. Provide project management, field labor and trade coordination for the project.
2. Layout detail and coordinate material, labor and required sub-contractors for the project.
3. Provide equipment submittals, shop drawings and the required project documentation.
4. Provide the required rigging, trucking and logistics for the project.

Engineering and Permits:

5. Provide a comprehensive field survey and verify existing available drawings, as builds and site conditions for the project Coordinate the location of equipment with all the engineering disciplines.
6. Provide Mechanical, Electrical and Building Permits for the project.
7. Provide mechanical design and engineering services required to support the project.
8. Provide electrical engineering design to support the scope of work for the project.
9. Structural calculations for major structural elements being provided by Air Conditioning Solutions.
10. Corrections and Approvals as required by the governmental agency having jurisdiction of the Project.

Safe off and Demo Scope of Work:

11. Safe off Valves, Electrical and Energy sources for the equipment to be retrofitted.
12. Recover the refrigerant from the equipment per EPA guidelines during the conversion phases.
13. Disconnect and remove the equipment components as required to demo the existing equipment.

Chilled Water Distribution Piping:

14. Equipment Mobilization: Secure and deploy cranes and rigging to support the installation of the chilled water piping.
15. Provide engineering for the new hydronic chilled water system conversion.
16. Detail and Layout the new piping supports.
17. Design and implement a new make-up water system equipped with a PRV station and expansion tank.
18. Chemical Treatment: Install a closed-loop chemical treatment pot assembly for the treatment scope of the project.
19. Provide and install chilled water piping strategically across the building's rooftop, ensuring optimal distribution.
20. Connect new chilled water mains to Pod's A, B and C.
21. Modify the compressor room Louvers as a point of entry for the new chilled water lines.
22. Patching and repairing the roofing and walls were required to support the new chilled water lines.
23. Provide and install new thermal insulation for the chilled water lines. Chilled water piping that is outdoors will contain an aluminum Jacketing.
24. Provide and Install isolation valves and future Points of Connection (POCs) on the chilled water lines, anticipating future system needs and ensuring easy modulation.
25. Provide and install (1) chilled water bypass valve to support minimal load operations.
26. Conduct pressure tests to certify the system's resilience and reliability.
27. Undertake comprehensive cleaning of the newly installed piping sections.
28. Provide a chemical treatment service to ensure inhibitor levels and water treatment is at acceptable levels for long term use.

Magstack Chiller System Conversion:

29. Provide and install (3) Chilled Water Dual Circuit Heat Exchangers
30. Provide and install (6) EXVs for new chilled water coils.
31. Provide the required chilled water flow sensors.
32. Provide the required pressure and temperature sensors.
33. Provide and install new chilled water pumps with Variable speed drives.
34. Provide the required flow sensors to support the variable primary flow operations.
35. Provide the required refrigerant piping to support the Magstack conversion.
36. Provide the required thermal insulation for refrigerant piping and heat exchanger.

Operating System Controls:

37. Provide IO devices required to provide decentralized chilled water distribution to each air handler.
38. Provide network cabling to each Magstack module.
39. Upgrade the firmware of the newly upgraded controllers to the Magstack operating system.
40. Provide (1) Central Interface screen for Magstack Network.
41. Provide (1) Central PC workstation.

Chilled Water Coil Conversion:

42. Safe off and recover the refrigerant for the DX Coils.
43. Shut down the air handler and remove the existing DX refrigerant coil.
44. Provide and install new (4) chilled water coils with inlet conditions of 90.00DB /73.80 WB based on ASHRAE 0.4% enthalpy design conditions for the climate zone.
45. Provide and install new PICV Energy Valves for the chilled water flow control to each air handler.
46. Provide the required hydronic specialties for each unit.
47. provide new chilled water piping from chilled water POC to the new coils.
48. Repair the sheet metal casing of the air handler to support the chilled water piping.
49. Pressure test, start up and test operations.
50. Provide instructions for integration of the new valves to clients DDC Contractor.

POD C Compressor Upgrade Option:

51. Safe of f and isolate the existing compressor.
52. Provide and install (2) TT350 compressors for POD C.

Start Up and Close Out:

53. Start up, test, commission and document the operations of the provided equipment.
54. Provide close-out documentation of the project and the required agency approvals.
55. Provide customer training on the new equipment.

Base System Total	**Proposed Amount**
Chilled Water Piping **POD A, B and C**	$589,714.00
Magstack Chiller Conversions **POD A, B and C**	$435,268.00
Magstack Network Manager	$82,716.00
Chilled Water Coils and Valves- **POD A and B**	$256,943.00
POD C Compressor Upgrade	$100,099.00

Preliminary Schedule:

Task Name	Duration	Start	Finish	Predecessors

Project Start Date	1 day	Mon 1/1/24	Mon 1/1/24	
Detailing and Engineering	**15 days**	**Tue 1/2/24**	**Mon 1/22/24**	**1**
Engineering, Detailing Field Inspections	3 wks	Tue 1/2/24	Mon 1/22/24	
Submittal Process	**8 days**	**Tue 1/23/24**	**Thu 2/1/24**	**2**
Provide equipment and material submittals for approval	3 days	Tue 1/23/24	Thu 1/25/24	
Customer Approval	1 wk	Fri 1/26/24	Thu 2/1/24	5
Equipment Lead Times	**45 days**	**Fri 1/26/24**	**Thu 3/28/24**	
Piping Materials Lead Time	2 wks	Fri 1/26/24	Thu 2/8/24	5
HX, Pumps, VFDs, Valves, Compressors	8 wks.	Fri 2/2/24	Thu 3/28/24	6
Installation	**262.13 days**	**Tue 1/23/24**	**Fri 4/19/24**	
Chilled water mains Piping, Make Up water, Supports, Thermal Insulation	6 wks.	Tue 1/23/24	Mon 3/4/24	3
Install Chilled Water Pumps, Make Up water Lines, Hydronic System Start up and Testing.	4 days	Tue 3/5/24	Fri 3/8/24	11
Retrofit POD C Compressor Set to Magstack and Start Up	5 days	Fri 3/29/24	Thu 4/4/24	9,12
Retrofit POD A Air Handlers to Chilled Water Coils-Transfer Operation to chilled water plant- (8-10 Hour Shut down each AHU)	2 days	Fri 4/5/24	Mon 4/8/24	13
Retrofit POD A Compressor Set and Start Up	2 days	Tue 4/9/24	Wed 4/10/24	14
Retrofit POD B Air Handlers to Chilled Water Coils-Transfer Operation to chilled water plant- (8-10 Hour Shut down each AHU)	2 days	Thu 4/11/24	Fri 4/12/24	15
POD B Compressor Set Retrofit and Start Up	5 days	Mon 4/15/24	Fri 4/19/24	16
Start up and Commissioning	**10 days**	**Mon 4/22/24**	**Fri 5/3/24**	**10**
Start Up and Commissioning and Integration	10 days	Mon 4/22/24	Fri 5/3/24	10
Project Completion	**13 days**	**Mon 5/6/24**	**Wed 5/22/24**	**19**
Training	3 days	Mon 5/6/24	Wed 5/8/24	19
Agency Approvals, Punch Walk, Close Out Documentation	2 wks	Thu 5/9/24	Wed 5/22/24	21

Preliminary Billing Schedule

Billing Schedule: Total Base Contract: $1,464,740.00

Invoice Number	Description	Date	Amount
Invoice 1:	**Engineering and Detailing**	**1/19/2024**	**$ 136,464.10**
Invoice 2:	**Materials and Labor**	**2/20/2024**	**$ 313,867.43**
Invoice 3:	**Equipment and Piping and Labor:**	**3/20/2024**	**$ 577,723.35**
Invoice 4:	**POD AHU Upgrades MagStack Installers**	**4/19/2024**	**$ 300,221.02**
Invoice 5:	**Start up and Close Out**	**5/20/2024**	**$ 136,464.10**

Closing Statements

Thank you for your confidence in Air Conditioning Solutions we are honored by the opportunity you have provided us to participate in this project Please feel free to contact us if you have any questions or visit our website at http://www.acs.us to see a sample of our qualifications and services.

Qualifications:

- Price is guaranteed for seven days due to the fluctuation of raw material and equipment costs. Also, lead times for equipment and materials are long, and may affect our ability to meet scheduling requirements. Please verify with your ACS Account Manager prior to ordering.
- Work to be performed during normal business hours.
- Projects to be performed during premium time (afterhours, weekends and/or holidays) will be given adequate lead time for mobilization of crew and material.
- Long lead time material shall be afforded adequate time to order and take delivery of such material.
- Work to be performed using standard commercial HVAC practices per Uniform Building Code (UBC), and local building and mechanical codes.
- Work to be installed based on coordination documents, to be signed off by other trades.
- Changes occurring after installation will require a Change Order
- Equipment and material staging/storing area is required.
- Support systems installed by ACS are for ACS installed system only.
- Engineering, Title 24, plans and specifications are correct and code compliant.
- Roof and structure(s) are adequate to support HVAC equipment and material as shown on plans for Installation.
- Building structure is adequate to hang, mount or support pipe and duct without the addition of supplement support.
- Pasadena Department of Building & Safety to inspect mechanical installation.
- Hazardous Materials: ACS hereby excludes identification, removal, abatement of asbestos products and/or other hazardous chemicals or substances. Customer/contractor should notify ACS of any known asbestos/chemicals and provide SDS sheets for any such chemicals. ACS will have the right to suspend its work until such products or materials and the resultant hazards are removed.

Exclusions:

- Formed or poured concrete, housekeeping and/or mechanical pads.
- Grouting and/or sealing of roof curbs, roof supports, and pump bases.
- Receiving, setting any owner furnished equipment.
- Design Engineering, CAD, re-engineering, or changes to mechanical systems unless included in the above scope of work.
- Structural calculation, steel or modifications to building or framing or reinforcement to roof, walls or other to support mechanical equipment.
- Fire Life Safety, interlocks duct/area smoke detectors, combination smoke fire dampers, smoke/fire control.
- IQ, OQ and PQ package for validations or T-24 compliance certifications.
- General sheet metal, including flashings of any kind, caps, expansion joints, pitch pockets and/or pans, downspouts, screens, grating, louvers, scuppers.
- Cutting, patching, painting or clean up, concrete coring, roof cutting, roof patching, roof sealing or water proofing.
- Protection/covering of walls, floors, equipment, etc.
- Ceiling T-bar, concealed spline and hard ceiling access doors.
- Delivery of equipment, materials not supplied by ACS.
- Relocation/moving of existing utilities, water, drains, electrical, phone cabling for computers, gas, communication wires, alarm wires, not covered under the scope of work.
- Building security
- Duct cleaning
- Parking Fees
- Blocking or cordoning off areas to be utilized for crane/parking.
- Payment or performance bonds

- Permits, plans, plan check fees unless noted in the scope of work.
- Overtime and Shift Work
- Excludes additional labor required by commissioning agents or LEED certifications.
- Lighting Controls
- Conduits
- Any cable not mentioned in the above scope of work.
- Demo of the existing control boxes
- Fire Life Safety, interlocks duct/area smoke detectors, combination smoke fire dampers, smoke/fire control
- Ceiling T-bar, concealed spline and hard ceiling access doors
- Building security
- Parking
- Air balance
- Payment or performance bonds
- Permits, plans, plan check fees unless noted in the scope of work.

Respectfully Submitted,
John Baker
Air Conditioning Solutions

Email: jbaker@acs.us
Phone: (818) 581-7254

Approved By
Name: _____

Signature: _____

PO #: _____

Purchase Amount: _____

TERMS AND CONDITIONS

a) Warranty: Air Conditioning Solutions will warranty all labor and material furnished and installed by Air Conditioning Solutions, excluding lamps and fuses, on all mechanical service work for 1 year. Air Conditioning Solutions will honor the manufacturer's warranty on all other products furnished by Air Conditioning Solutions. Air Conditioning Solutions must be notified of any potential warranty work. The disposition of the work in question will be determined by or its approved affiliate. Any alleged warranty work done by others will not be paid for by Air Conditioning Solutions.

b) Engagement of Services: Once the customer authorizes work, Air Conditioning Solutions is committed to certain "mobilization" expenses both direct and indirect (i.e., specific training, travel, special tools, materials, project management, etc.), which are generally priced into the entire scope of the project. If the project is canceled, delayed, or significantly changed through no fault of Air Conditioning Solutions, these expenses will be due and payable to Air Conditioning Solutions on a pro-rata basis. Any such requests for reimbursement of these expenses will be itemized and defined.

c) Permits and Taxes: Permits are not included unless specifically noted otherwise. Permits, inspection fees, drawings, etc., will be provided by Air Conditioning Solutions at the cost of obtaining them. Taxes are not included in the proposed price unless specifically noted otherwise.

d) Payment Terms: Standard payment terms are not due in (30) days from invoice date unless stated differently on the front of this proposal. A service charge may be charged on all past due amounts. Charges are computed at the lower of 1.5% per month or the maximum allowed by law. Amounts will be considered past due (30) days after date of invoice. You may avoid a service charge or additional service charges upon payment at any time of the unpaid balance.

e) Attorneys' Fees: If Air Conditioning Solutions is required to hire attorneys to collect amounts owed under this agreement, the customer agrees to reimburse Air Conditioning Solutions for attorneys' fees, expert fees and other legal expenses that it may incur to collect such amount.

f) Incorporation by Reference: Unless expressly agreed in writing otherwise, these Standard Terms and Conditions are a part of, and hereby incorporated by reference, to all Proposals submitted by Air Conditioning Solutions to the customer and Credit Agreement signed by the customer, and all terms and conditions of any such Proposals or Credit Agreements.

EXHIBIT B

SCHEDULE OF ESTIMATED HVAC WORK COSTS

(See attached)

465 Halstead - HVAC Upgrades
1/25/2024

		Total Cost	LL 25%	Xencor 2.5%	Phase 2 TI 50%	
Shared Cost[1]:						
Chilled Water Piping POD A, B and C		589,714	147,429	147,429	294,857	per ACS 1/19 proposal; split cost
Magstack Chiller Conversions POD A, B and C		435,268	108,817	108,817	217,634	per ACS 1/19 proposal; split cost
Magstack Network Manager		82,716	20,679	20,679	41,358	per ACS 1/19 proposal; split cost
Chilled Water Coils and Valves - POD A and B		256,943	64,236	64,236	128,472	per ACS 1/19 proposal; split cost
CM Fee	*5%*	*68,232*	*17,058*	*17,058*	*34,116*	
Total Shared Cost		**1,432,873**	**358,218**	**358,218**	**716,437**	
LL Cost[2]:						
POD C Compressor Upgrade		100,099	100,099	0	0	per ACS 1/19 proposal; LL cost
CM Fee	*5%*	*5,005*	*5,005*			
Total LL Cost		**105,104**	**105,104**	**0**	**0**	
Xencor Cost:						
Vivarium Supplemental Chilled Water Conversion		467,301	0	467,301	0	per ACS 12/18 proposal; Xencor cost
Pony Chiller for Vivarium Supplemental Suitable for E-Power		155,647	0	155,647	0	per ACS 12/18 proposal; Xencor cost
CM Fee	*0%*	*0*	*0*	*0*	*0*	
Total Xencor Cost		**622,948**	**0**	**622,948**	**0**	
Total Costs		**$2,160,925**	**$463,322**	**$981,166**	**$716,437**	

[1] LL to hold contract and bill back Xencor per split

[2] LL to hold contract and pay directly

[3] Xencor to hold contract and pay directly; LL to have review rights per lease

[4] Temporary HVAC costs totalling $273,832 to be split 50/50 between LL and Xencor; LL to pay and bill back Xencor

March 11, 2024

Bart Cornelissen
7614 Overlake Drive W
Medina, WA 98039

Dear Bart Cornelissen,

Congratulations! I am pleased to confirm our contingent offer of a position as Senior Vice President & Chief Financial Officer, reporting to Bassil Dahiyat, CEO and starting on April 9, 2024 or another mutually agreeable date (the “Start Date”). This position’s location is Remote in the state of Washington with travel to the Pasadena headquarters or other locations up to three days per week as needed.

The specifics of this offer are as follows:

- This position is exempt from overtime under state and federal law, this status is subject to change.
- You will receive a base salary at an annualized rate of Four Hundred Sixty Five Thousand dollars ($465,000), less standard withholdings and deductions, payable in accordance with our standard payroll procedures.
- You will be eligible for an annual discretionary bonus, discretionary salary increase and performance bonuses in accordance with our practices and policies. Your annual cash bonus opportunity will be 45% of your base salary, subject to pro-ration based on date of hire, less standard withholdings and deductions, with metrics dependent upon corporate and individual performance. Your actual bonus payout is discretionary and will be determined by a combination of corporate goal achievement and your individual performance. In addition, you may be eligible for annual refresher grants of stock options, restricted stock units, or both, at the Company’s sole discretion. You must be employed on the date the bonus is earned in order to be eligible.
- You will be covered under the Director & Officer insurance the company maintains on the same basis as other managers and officers of the Company.
- As soon as administratively practicable following your Start Date, you will be granted options to purchase shares of Xencor common stock ("Options") valued at approximately Two Million Two Hundred Fifty Thousand dollars ($2,250,000) based on the estimated fair value of the options. Under our 2023 Equity Incentive Plan (“Plan”), your Options will vest on the following terms: (i) twenty five percent (25%) of the options shall vest on the one-year anniversary of the Start Date; (ii) the balance of the option shares shall vest at the rate of 1/36th on the final date of each month thereafter; and (iii) you must be

employed by Xencor on each applicable vesting date. The exercise price of the Option shares will be equal to the fair market value of the common stock on the grant date. The options shall be subject to, and governed by, the Plan.

- You will be granted Restricted Stock Unit ("RSU") shares of our common stock pursuant to the Plan valued at approximately One Million dollars ($1,000,000) based on the estimated fair value of the RSU's. The RSUs will vest over a period of three (3) years following the grant date with 1/3rd of the RSUs vesting on each of the first (1st), second (2nd) and third (3rd)-year anniversaries of the grant date, so long as you remain continuously employed by Xencor.

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

- Monthly stipend of $6,000 to be applied towards commuting and housing expenses to Pasadena, CA. This will be subject to annual review based on inflationary measures and other relevant factors. The monthly stipend will be subject to applicable tax withholding to the extent the Company determines they constitute taxable income to you pursuant to applicable law.

- A relocation allowance, up to One Hundred Thousand dollars ($100,000), subject to reimbursements for eligible and approved expenses. Xencor will provide tax assistance, also known as gross-up, for any relocation expenses the IRS considers compensation to you. Your relocation benefits must be initiated within two (2) years of employment start date. Upon acceptance of this offer, you will receive a relocation benefits agreement letter summarizing your relocation benefits.

  If you cease to be employed by Xencor for any reason other than termination of your employment without cause, prior to the Thirty Six (36) month-anniversary of the start date, you must repay all Relocation Payments as of the employment termination date.

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

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

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

- Holidays set per Company policy.

- Termination without Cause or Resignation for Good Reason Other than in Connection with a Change of Control:

  In the event the Company terminates your employment without "Cause," as defined in the Plan or its successors, or you resign for "Good Reason," as defined below, you shall be eligible for the following benefits: (i) a cash payment equivalent to Twelve (12)

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

For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following events without your consent:

a) any material reduction of, or material adverse change to your authority, duties, or responsibilities, where such material reduction in authority or job responsibilities is accompanied by a change in title;
b) a material reduction in your annual base salary, other than pursuant to a Company-wide reduction of annual base salaries for employees of the Company generally; or
c) the relocation of the Company's executive offices by a distance of 50 miles or more, which relocation requires an increase in your one-way driving distance by more than 25 miles.

However, any resignation by you shall only be deemed to be for Good Reason if: (i) you give the Company written notice of your intent to resign for Good Reason within 60 days following the first occurrence of the condition(s) that you believe constitutes Good Reason, and which notice shall describe such conditions; (ii) the Company fails to remedy, if remediable, such condition(s) within 30 days following receipt of the written notice ("Cure Period") of such condition(s) from you; and (iii) you actually resign your employment within the first 15 days after expiration of the Cure Period.

- Termination without Cause or Resignation for Good Reason in Connection with a Change of Control:

In the event the Company terminates your employment without Cause or you resign for Good Reason in connection with a Change in Control of the Company (for purposes of this Agreement, “Change in Control” shall have the meaning specified in the Plan or its successors) that occurs prior to the one year anniversary of the Start Date, then you shall be entitled to the following severance benefits: (1) a cash payment equivalent to Twelve (12) months of your base salary at the rate in effect as of the effective date of such termination; and (2) the number of vested option shares and RSU shares available for you to immediately exercise shall be calculated as if you had remained employed by the Company for one (1) additional year. In the event the Company terminates your employment without Cause or you resign for Good Reason in connection with a Change in Control that occurs after the one year anniversary of the Start Date, then you shall be entitled to the following severance benefits: (1) a cash payment equivalent to Twelve (12) months of your base salary at the rate in effect as of the effective date of such termination; and (2) all (100%) of your option shares and RSU shares shall be fully vested and immediately exercisable.

A termination of employment shall be deemed to be in connection with a Change in Control if it is initiated by the Company and is effective within ninety (90) days prior to or twelve (12) months after the effective date of the Change in Control of the Company. A resignation of employment by you shall be deemed to be in connection with a Change in Control if it is initiated by you and is effective during the period beginning on the execution of a definitive written agreement that if consummated in accordance with its terms would result in a Change of Control and ending on the earlier of (1) the termination of such agreement, or (2) twelve (12) months following the consummation of a Change of Control pursuant to such agreement. As a condition to receipt of these severance-related benefits, you must provide to the Company a fully-executed and non-revocable general release of claims in a form acceptable to the Company.

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

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

Further, Xencor respects the intellectual property rights of other companies. You agree not to disclose or bring to Xencor, or use in the performance of your responsibilities at Xencor, any confidential information, including trade secrets and unpublished materials or documents of a former employer or other person to whom you have an obligation of confidentiality. Rather, you

will be expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by Xencor. Your managers and colleagues are not authorized to accept any confidential or proprietary information of another company. You expressly agree to honor your obligations to former employers and other third parties (if any) during your employment at Xencor.

By signing this letter, you understand and agree that your employment with Xencor is at-will. Therefore, your employment can terminate, with or without cause, and with or without notice, at any time, at your option or Xencor's option, and Xencor can terminate or change all other terms and conditions of your employment, with or without cause, and with or without notice, at any time. This at-will relationship will remain in effect throughout your employment at Xencor or any of its subsidiaries or affiliates. This letter constitutes the entire agreement, arrangement and understanding between you and Xencor on the nature and terms of your employment with Xencor. This letter supersedes any prior or contemporaneous agreement, arrangement or understanding on this subject matter. By executing this letter as provided below, you expressly acknowledge the termination of any such prior agreement, arrangement or understanding. This offer will remain open until 5:00 p.m. Pacific on April 5, 2024.

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

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

Sincerely,

Bassil Dahiyat
President & CEO

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

/s/ Bart Jan Cornelissen — April 5, 2024
Signature of acceptance — Date

April 7, 2023

Dr. Nancy Valente

Dear Dr. Valente,

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

The specifics of this offer are as follows:

- This position is exempt from overtime under state and federal law, this status is subject to change.
- You will receive a base salary at an annualized rate of Five Hundred Forty Thousand Dollars ($540,000.00), less standard withholdings and deductions, payable in accordance with our standard payroll procedures.
- You will be eligible for an annual discretionary bonus, discretionary salary increase and performance bonuses in accordance with our practices and policies. Your annual cash bonus opportunity will be 50% of your base salary, subject to pro-ration based on date of hire, less standard withholdings and deductions, with metrics dependent upon corporate and individual performance. Your actual bonus payout is discretionary and will be determined by a combination of corporate goal achievement and your individual performance. In addition, you may be eligible for annual refresher grants of stock options, restricted stock units, or both, at the Company’s sole discretion. You must be employed on the date the bonus is paid in order to be eligible.
- You are permitted to continue serving as a member of the board of directors of Immatics and Myovant Sciences during your employment with the Company. You may also serve as board member of other organizations with the express written consent of the Company.
- In addition, you will be covered under the Director & Officer insurance the company maintains on the same basis as other managers and officers of the Company.
- As soon as administratively practicable following your start date, you will be granted options to purchase Two Hundred Thirty-Five Thousand Seven Hundred Seventy-Eight (235,778) shares of Xencor common stock ("Options") valued at approximately Three Million Nine Hundred Thirty-Seven Thousand Five Hundred dollars ($3,937,500) based on the estimated fair value of the options. Under our 2013 Equity Incentive Plan (“Plan”),

your Options will vest on the following terms: (i) twenty five percent (25%) of the options shall vest on the one-year anniversary of the Start Date; (ii) the balance of the option shares shall vest at the rate of 1/48th on the final date of each month thereafter; and (iii) you must be employed by Xencor on each applicable vesting date. The exercise price of the Option shares will be equal to the fair market value of the common stock on the grant date. The options shall be subject to, and governed by, the Plan.

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

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

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

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

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

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

- Holidays set per Company policy.

- Termination without Cause:

  In the event the Company terminates your employment without Cause, as defined in the Xencor, Inc. 2013 Equity Incentive Plan or its successors, you shall be eligible for the following benefits: (i) a cash payment equivalent to twelve (12) months of your base salary at the rate in effect as of the effective date of such termination and (ii) if you are eligible for and timely elect continued group health plan coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") following your termination, the Company will pay your COBRA group health insurance premiums for you and your eligible dependents until the earliest of (A) the close of the twelve (12) month period following the termination of your employment (the "COBRA Payment Period"), (B) the expiration date of your eligibility for the continuation coverage under COBRA, or (C) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment. References to COBRA premiums shall not include any amounts payable by you under

an Internal Revenue Code Section 125 health care reimbursement plan. Notwithstanding the foregoing, if at any time the Company determines, in its sole discretion, that it cannot pay the COBRA premiums without potentially incurring financial costs of penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then regardless of whether you elect continued health coverage under COBRA, in lieu of providing the COBRA premiums, the Company will instead pay you on the last day of each remaining month of the COBRA Payment Period, a fully taxable cash payment equal to the COBRA Premiums of that month, subject to applicable tax withholdings (such amount, the "Special Severance Payment"), which payments shall continue on until the earlier of expiration of the COBRA Payment Period or the date when you become eligible for the substantially equivalent health insurance coverage in connection with new employment or self-employment. As a condition to receipt of these severance-related benefits, you must provide to the Company a fully-executed and non-revocable release of claims in a form acceptable to the Company.

- Change of Control:

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

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

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

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

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

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

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

Sincerely,

Bassil Dahiyat
President & CEO

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

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

Fourth AMENDMENT TO THE LICENSE AGREEMENT BY AND BETWEEN XENCOR, INC. AND MorphoSys AG

This fourth amendment ("**Amendment**") to the **COLLABORATION AND LICENSE AGREEMENT** dated June 27, 2010, as amended on March 23, 2012, on January 8, 2020 and on July 13, 2020 (collectively, the "**Agreement**"), by and between **XENCOR, INC**., a Delaware corporation with its principal offices at 465 N. Halstead Street, Suite 200, Pasadena, California, USA ("**Xencor**"), and **MORPHOSYS AG**, a German corporation with its principal offices at Semmelweisstrasse 7, 82152 Planegg, Germany ("**MorphoSys**") is effective as of the date of last signature to this Amendment. Capitalized terms not otherwise defined herein shall have the meanings ascribed in the Agreement.

WHEREAS, Xencor and MorphoSys have agreed to amend the Agreement to remove certain exclusivity covenants of the Parties.

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained, Xencor and MorphoSys hereby agree as follows:

1. **Amendments to Section 4.3**. Effective as of the date hereof:
    a. Section 4.3(a) of the Agreement is hereby deleted in its entirety and replaced as follows:
        "**(a)** **[**Reserved.]"

    b. Section 4.3(b) of the Agreement is hereby deleted in its entirety and replaced as follows:
        "**(b)** **[**Reserved.]"

    c. Section 4.3(c) of the Agreement is hereby deleted in its entirety and replaced as follows:
        "**(c)** **[**Reserved.]"

2. This Amendment will be construed in accordance with, and governed in all respects by, the laws of the State of New York (without giving effect to principles of conflicts of law).

3. All other terms of the Agreement shall remain unchanged and, except as expressly amended hereby, the Agreement shall continue in full force and effect. This Amendment is incorporated and made a part of the Agreement. In the event of any

conflict or inconsistency between the Agreement and this Amendment, the latter shall prevail.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized representatives.

XENCOR, INC.

By: /s/ Bassil Dahiyat Name: Bassil Dahiyat Title: President and CEO

Date: February 5, 2024

MORPHOSYS AG

By: /s/ Barbara Krebs-Pohl

Name: Barbara Krebs-Pohl

Title: CBO

Date: February 5, 2024

MORPHOSYS AG

By: /s/ Samuel White

Name: Samuel White

Title: Chief of Staff, VP, Head of CAM

Date: February 5, 2024

Exhibit 31.1

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

I, Bassil I. Dahiyat, Ph.D., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xencor, Inc., (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

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

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

/s/ BASSIL I. DAHIYAT

Bassil I. Dahiyat, Ph.D.
President & Chief Executive Officer
(Principal Executive Officer)

Date: May 9, 2024

Exhibit 31.2

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

I, Bart Jan Cornelissen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xencor, Inc., (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

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

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

/s/ BART JAN CORNELISSEN

Bart Jan Cornelissen
Chief Financial Officer
(Principal Financial Officer)

Date: May 9, 2024

Exhibit 32.1

CERTIFICATION

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

1. The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2024, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

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

Dated: May 9, 2024

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 9th day of May 2024.

/s/ BASSIL I. DAHIYAT	/s/ BART JAN CORNELISSEN
Bassil I. Dahiyat	Bart Jan Cornelissen
President & Chief Executive Officer	Chief Financial Officer
(Principal Executive Officer)	*(Principal Financial Officer)*

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