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 June 30, 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 July 30, 2024**
Common stock, par value $0.01 per share	61,833,530

Xencor, Inc.

Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2024

Table of Contents

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)

	June 30, 2024	December 31, 2023
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 30,768	$ 53,790
Marketable debt securities	449,372	497,725
Marketable equity securities	28,271	42,210
Accounts receivable	22,073	11,290
Prepaid expenses and other current assets	23,986	18,145
Total current assets	554,470	623,160
Property and equipment, net	63,868	66,124
Patents, licenses, and other intangible assets, net	18,778	18,663
Restricted cash	384	380
Marketable debt securities - long term	104,862	145,512
Marketable equity securities - long term	43,780	64,210
Right of use (ROU) asset	39,527	33,995
Other assets	498	648
Total assets	$ 826,167	$ 952,692
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 15,838	$ 13,914
Accrued expenses	19,557	23,564
Income tax payable	—	5,782
Lease liabilities	1,262	3,435
Deferred income	36,472	31,682
Debt	6,947	6,332
Total current liabilities	80,076	84,709
Lease liabilities, net of current portion	67,156	59,025
Deferred income, net of current portion	104,081	125,183
Debt, net of current portion	12,313	14,642
Total liabilities	263,626	283,559
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.01 par value: 10,000,000 authorized shares; -0- issued and outstanding shares at June 30, 2024 and December 31, 2023	—	—
Common stock, $0.01 par value: 200,000,000 authorized shares at June 30, 2024 and December 31, 2023; 61,766,054 issued and outstanding at June 30, 2024 and 60,998,191 issued and outstanding at December 31, 2023	619	611
Additional paid-in capital	1,162,726	1,131,266
Accumulated other comprehensive (loss) income	(652)	1,291
Accumulated deficit	(598,368)	(464,372)
Total stockholders' equity attributable to Xencor, Inc.	564,325	668,796
Non-controlling interest	(1,784)	337
Total stockholders' equity	562,541	669,133
Total liabilities and stockholders' equity	$ 826,167	$ 952,692

See accompanying notes.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue				
Collaborations, milestones, and royalties	$ 16,960	$ 45,523	$ 29,765	$ 64,485
Operating expenses				
Research and development	61,531	60,060	118,404	125,612
General and administrative	17,746	11,460	31,533	25,613
Total operating expenses	79,277	71,520	149,937	151,225
Loss from operations	(62,317)	(25,997)	(120,172)	(86,740)
Other income (expense)				
Interest income	7,681	3,771	16,229	6,670
Interest expense	(844)	(7)	(1,921)	(14)
Other expense, net	(4)	(9)	(4)	(23)
Impairment on equity securities	220	—	(20,430)	—
Gain (loss) on equity securities, net	(12,027)	288	(9,702)	(2,610)
Total other income (expense), net	(4,974)	4,043	(15,828)	4,023
Loss before income tax expense	(67,291)	(21,954)	(136,000)	(82,717)
Income tax expense	117	—	117	—
Net loss	(67,408)	(21,954)	(136,117)	(82,717)
Net loss attributable to non-controlling interest	(1,445)	—	(2,121)	—
Net loss attributable to Xencor, Inc.	$ (65,963)	$ (21,954)	$ (133,996)	$ (82,717)
Basic and diluted net loss per common share attributable to Xencor, Inc.	$ (1.07)	$ (0.37)	$ (2.18)	$ (1.38)
Basic and diluted weighted average common shares outstanding	61,676,444	59,807,558	61,444,384	59,922,784

See accompanying notes.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net loss	(67,408)	(21,954)	(136,117)	(82,717)
Other comprehensive income (loss)				
Net unrealized gain (loss) on marketable debt securities	(498)	1,765	(1,942)	5,093
Comprehensive loss	(67,906)	(20,189)	(138,059)	(77,624)
Comprehensive loss attributable to non-controlling interest	(1,445)	—	(2,121)	—
Comprehensive loss attributable to Xencor, Inc.	$ (66,461)	$ (20,189)	$ (135,938)	$ (77,624)

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	61,634,685	$ 617	$ 1,144,468	$ (154)	$ (532,405)	$ (339)	$ 612,187
Issuance of common stock upon exercise of stock awards	10,213	—	140	—	—	—	140
Issuance of restricted stock units	67,160	1	(1)	—	—	—	—
Issuance of common stock under the Employee Stock Purchase Plan	53,996	1	929	—	—	—	930
Comprehensive loss	—	—	—	(498)	(65,963)	(1,445)	(67,906)
Stock-based compensation	—	—	17,190	—	—	—	17,190
Balance, June 30, 2024 (unaudited)	61,766,054	$ 619	$ 1,162,726	$ (652)	$ (598,368)	$ (1,784)	$ 562,541

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	60,381,600	$ 605	$ 1,085,651	$ (3,625)	$ (399,048)	$ —	$ 683,583
Issuance of common stock upon exercise of stock awards	145,003	1	676	—	—	—	677
Issuance of restricted stock units	18,148	—	—	—	—	—	—
Issuance of common stock under the Employee Stock Purchase Plan	55,309	1	1,241	—	—	—	1,242
Comprehensive income (loss)	—	—	—	1,765	(21,954)	—	(20,189)
Stock-based compensation	—	—	13,563	—	—	—	13,563
Balance, June 30, 2023 (unaudited)	60,600,060	$ 607	$ 1,101,131	$ (1,860)	$ (421,002)	$ —	$ 678,876

See accompanying notes.

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

	Six Months Ended June 30,	
	2024	**2023**
Cash flows from operating activities		
Net loss	$ (136,117)	$ (82,717)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	6,059	5,130
Accretion of discount on marketable debt securities	(10,037)	(4,345)
Stock-based compensation	28,611	26,162
Equity received in connection with license agreements	—	(10,000)
Abandonment of capitalized intangible assets	784	594
Gain on sale of marketable debt securities	(3)	—
Change in fair value of equity securities	9,702	2,610
Impairment on equity securities	20,430	—
Non-cash interest expense	1,900	—
Loss on disposal of assets	6	1,379
Changes in operating assets and liabilities:		
Accounts receivable	(10,783)	8,978
Interest receivable from marketable debt securities	(1,705)	420
Prepaid expenses and other assets	(5,691)	1,127
Accounts payable	1,924	4,009
Accrued expenses	(4,007)	(288)
Income taxes	(5,782)	—
Lease liabilities and ROU assets	426	582
Deferred revenue	—	(22,455)
Deferred income	(16,312)	—
Net cash used in operating activities	(120,595)	(68,814)
Cash flows from investing activities		
Purchase of marketable securities	(259,130)	(276,715)
Sale of equity securities	4,236	—
Purchase of patents, licenses, and other intangible assets	(1,549)	(1,490)
Purchase of property and equipment	(3,158)	(14,636)
Proceeds from maturities of marketable securities	347,966	339,580
Proceeds from sale of marketable securities	9,969	—
Net cash provided by investing activities	98,334	46,739
Cash flows from financing activities		
Proceeds from issuance of common stock upon exercise of stock awards	1,927	1,601
Proceeds from issuance of common stock under the Employee Stock Purchase Plan	930	1,242
Reduction of liability for sale of future royalties	(3,614)	—
Net cash (used in) provided by financing activities	(757)	2,843
Net decrease in cash, cash equivalents, and restricted cash	(23,018)	(19,232)
Cash, cash equivalents, and restricted cash, beginning of period	54,170	53,942
Cash, cash equivalents, and restricted cash, end of period	$ 31,152	$ 34,710

	Six Months Ended June 30,	
	2024	2023
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	$ 21	$ 14
Income taxes	$ 6,100	$ —
Supplemental disclosures of non-cash activities		
Unrealized (loss) gain on marketable securities	$ (1,942)	$ 5,093
ROU assets obtained	$ 7,166	$ —
Reconciliation of cash, cash equivalents, and restricted cash reported in the balance sheets		
Cash and cash equivalents	$ 30,768	$ 34,710
Restricted cash	384	—
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 31,152	$ 34,710

See accompanying notes.

Xencor, Inc.

Notes to Financial Statements
(unaudited)

June 30, 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 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 may 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 income (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 six months ended June 30, 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 and six months ended June 30, 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 and $0.8 million of in-process intangible assets for the three and six months ended June 30, 2024. We abandoned $0.3 million and $0.6 million of in-process intangible assets during the three and six months ended June 30, 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 June 30, 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 and six months ended June 30, 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 and six months ended June 30, 2024, the Company recorded an unrealized loss of $0.5 million and $1.9 million in its portfolio of marketable debt securities. During the three and six months ended June 30, 2023, the Company recorded an unrealized gain of $1.8 million and $5.1 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 and six months ended June 30, 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 $20.4 million recorded for the six months ended June 30, 2024 in connection with equity securities without a readily determinable fair value. There was no impairment charge recorded for the three and six months ended June 30, 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):

	June 30, 2024 (unaudited)			December 31, 2023		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
Money Market Funds	$ 11,624	$ 11,624	$ —	$ 25,520	$ 25,520	$ —
Corporate Securities	211,657	—	211,657	228,723	—	228,723
Government Securities	342,577	—	342,577	414,514	—	414,514
	$ 565,858	$ 11,624	$ 554,234	$ 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 and six months ended June 30, 2024 and 2023, there were no transfers between Level 1 and Level 2.

3. Net Loss Per Common Share

Basic net loss per common share is computed by dividing the net loss attributable to Xencor by the weighted-average number of common shares outstanding during the period without consideration of common stock equivalents. Diluted net loss per common share is computed by dividing the net 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands, except share and per share data)		(in thousands, except share and per share data)	
Numerator:				
Net loss attributable to Xencor, Inc.	$ (65,963)	$ (21,954)	$ (133,996)	$ (82,717)
Denominator:				
Weighted-average common shares outstanding used in computing basic and diluted net loss	61,676,444	59,807,558	61,444,384	59,922,784
Basic and diluted net loss per common share attributable to Xencor, Inc.	$ (1.07)	$ (0.37)	$ (2.18)	$ (1.38)

For the three and six months ended June 30, 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 Loss

Comprehensive loss is comprised of net loss and other comprehensive income (loss). For each of the three and six-month periods ended June 30, 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 loss during each of the three and six-month periods ended June 30, 2024 and 2023.

5. Marketable Debt and Equity Securities

The Company's marketable debt securities held as of June 30, 2024 and December 31, 2023 are summarized below:

June 30, 2024 (in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money Market Funds	$ 11,624	$ —	$ —	$ 11,624
Corporate Securities	211,930	6	(279)	211,657
Government Securities	342,945	6	(374)	342,577
	$ 566,499	$ 12	$ (653)	$ 565,858
Reported as				
Cash and cash equivalents				$ 11,624
Marketable securities				554,234
Total investments				$ 565,858

December 31, 2023 (in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
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 June 30, 2024 are as follows:

June 30, 2024 (in thousands)	Amortized Cost	Estimated Fair Value
Mature in one year or less	$ 449,715	$ 449,372
Mature within two years	105,160	104,862
	$ 554,875	$ 554,234

The unrealized losses on available-for-sale investments and their related fair values as of June 30, 2024 and December 31, 2023 are as follows:

	Less than 12 months		12 months or greater	
June 30, 2024	Fair value	Unrealized losses	Fair value	Unrealized losses
(in thousands)				
Corporate Securities	$ 119,044	$ (217)	$ 11,895	$ (62)
Government Securities	246,154	(132)	79,478	(242)
	$ 365,198	$ (349)	$ 91,373	$ (304)

	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 and six months ended June 30, 2024, net losses of $12.0 million and $9.7 million were recorded under other income (expense) related to these securities. For the three and six months ended June 30, 2023, a net gain of $0.3 million and a net loss of $2.6 million were recorded under other income (expense). Equity securities with a readily determinable fair value, which are categorized as Level 1 in the fair value hierarchy under ASC 820, and their fair values (in thousands) as of June 30, 2024 and December 31, 2023 are as follows:

	Fair Value June 30, 2024	Fair Value December 31, 2023
Astria Common Stock	$ 2,311	$ 5,360
INmune Common Stock	16,630	21,231
Viridian Common Stock	9,330	15,619
	$ 28,271	$ 42,210

The Company sold 443,909 shares of common stock of Astria Therapeutics, Inc. (Astria) and held 253,958 shares of common stock of Astria as of June 30, 2024. In July 2024, the Company sold the remaining shares of the common stock of Astria. The common stock has a readily determinable fair value. For the remaining equity interest in Astria held at June 30, 2024, the Company recorded an unrealized loss of $1.3 million and an unrealized gain of $0.4 million for the three and six months ended June 30, 2024, respectively. The Company recorded unrealized losses of $3.5 million and $3.9 million related to its equity interest in Astria for the three and six months ended June 30, 2023, respectively.

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. For the three and six months ended June 30, 2024, the Company recorded unrealized losses of $5.5 million and $4.6 million, respectively, related to its investment in INmune. For the three and six months ended June 30, 2023, the Company recorded unrealized gains of $4.9 million and $5.2 million, respectively.

The Company currently holds 717,144 shares of common stock of Viridian Therapeutics, Inc. (Viridian). The shares of Viridian common stock are classified as equity securities with a readily determinable fair value. The Company

recorded unrealized losses of $3.2 million and $6.3 million for the three and six months ended June 30, 2024, respectively. The Company recorded unrealized losses of $1.2 million and $3.9 million for the three and six months ended June 30, 2023, respectively, related to the shares of Viridian common stock.

Below is a reconciliation of net gain (loss) recorded on equity securities during the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net gain (loss) recorded on equity securities	$ (12,027)	$ 288	$ (9,702)	$ (2,610)
Less: Net gain (loss) recorded on sale of equity securities	(2,012)	—	827	—
Unrealized gain (loss) recorded on equity securities held at the reporting date	$ (10,015)	$ 288	$ (10,529)	$ (2,610)

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 June 30, 2024 and December 31, 2023 are as follows:

	Carrying Value June 30, 2024	Carrying Value December 31, 2023
Zenas Preferred Stock	$ 43,780	$ 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 six months ended June 30, 2024, we recorded $20.4 million of impairment charge as a result of Zenas closing a Series C financing transaction on May 3, 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 June 30, 2024, the total number of shares of common stock available for issuance under the 2023 Plan is 18,721,104, 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 June 30, 2024, a total of 2,380,651 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 June 30, 2024, the total number of shares of common stock available for issuance under the ESPP is 987,344. 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 June 30, 2024, we have issued a total of 787,474 shares of common stock under the ESPP.

During the six months ended June 30, 2024, the Company awarded 959,071 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 June 30, 2024, a total of 1,045,738 RSUs have been granted under the 2023 Plan.

The Company extended vesting periods and expiration dates of equity awards for employees who retired in April 2024. There is a $3.1 million incremental expense as a result of the extension of the expiration dates, and there is a $1.2 million expense as a result of the extension of the vesting periods.

Total employee, director and non-employee stock-based compensation expense recognized for the three and six months ended June 30, 2024 and 2023 are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
General and administrative	$ 8,469	$ 4,471	$ 13,168	$ 8,747
Research and development	8,721	9,092	15,443	17,415
	$ 17,190	$ 13,563	$ 28,611	$ 26,162

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Stock options	$ 10,945	$ 6,842	$ 17,818	$ 13,825
ESPP	211	341	417	663
RSUs	6,034	6,380	10,376	11,674
	$ 17,190	$ 13,563	$ 28,611	$ 26,162

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	2,167,253	$ 22.43		
Options forfeited	(485,918)	$ 32.84		
Options exercised	(162,895)	$ 11.83		
Balance at June 30, 2024	12,661,426	$ 28.48	6.18	$ 5,813
Exercisable	8,295,121	$ 29.38	4.76	$ 5,745

We calculate the intrinsic value as the difference between the exercise price of the options and the closing price of common stock of $18.93 per share as of June 30, 2024.

The weighted-average fair value of options granted during the six-month periods ended June 30, 2024 and 2023 were $22.43 and $30.65 per share, respectively. There were 1,941,412 options granted during the six-month period ended June 30, 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 and six months ended June 30, 2024 and 2023:

	Options Three Months Ended June 30,		Options Six Months Ended June 30,	
	2024	2023	2024	2023
Expected term (years)	6.4	6.5	6.4	6.1
Expected volatility	50.4 %	51.2 %	50.1 %	50.5 %
Risk-free interest rate	4.42 %	3.69 %	4.18 %	4.17 %
Expected dividend yield	— %	— %	— %	— %

	ESPP Three Months Ended June 30,		ESPP Six Months Ended June 30,	
	2024	2023	2024	2023
Expected term (years)	0.5 - 2.0	0.5 - 2.0	0.5 - 2.0	0.5 -2.0
Expected volatility	43.0% - 44.6%	38.2% - 55.7%	43.0% - 44.6%	38.2% - 55.7%
Risk-free interest rate	4.71% - 5.40%	0.13% - 5.39%	4.71% - 5.40%	0.13% - 5.39%
Expected dividend yield	— %	— %	— %	— %

As of June 30, 2024, the unamortized compensation expense related to unvested stock options was $56.9 million. The remaining unamortized compensation expense will be recognized over the next 2.7 years. As of June 30, 2024, the unamortized compensation expense under our ESPP was $1.3 million. The remaining unamortized expense will be recognized over the next 1.4 years.

The following table summarizes the RSU activity for the six-month period ended June 30, 2024:

	Restricted Stock Units	Weighted Average Grant Date Fair Value (Per unit)
Unvested RSUs at December 31, 2023	1,490,040	$ 30.66
Granted	959,071	22.58
Vested	(550,972)	31.72
Forfeited	(119,483)	29.80
Unvested RSUs at June 30, 2024	1,778,656	$ 26.02

As of June 30, 2024, the unamortized compensation expense related to unvested RSUs was $37.0 million. The remaining unamortized expense will be recognized over the next 2.1 years.

7. Leases

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

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 June 30, 2024 to the operating lease liabilities recorded on the balance sheet (in thousands):

Years ending December 31,	
For the remainder of 2024	$ 2,792
2025	8,022
2026	9,238
2027	9,560
2028	9,076
2029	9,331
Thereafter	57,104
Total undiscounted lease payments	105,123
Less: Tenant allowance	(3,252)
Less: Imputed interest	(33,453)
Present value of lease payments	$ 68,418
Lease liabilities - short-term	$ 1,262
Lease liabilities - long-term	67,156
Total lease liabilities	$ 68,418

The following table summarizes lease costs and cash payments for the three and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2024	**2023**	**2024**	**2023**
Operating lease cost	$ 1,881	$ 2,020	$ 3,762	$ 4,200
Variable lease cost	310	219	1,140	453
Total lease costs	$ 2,191	$ 2,239	$ 4,902	$ 4,653
Cash paid for amounts included in the measurement of lease liabilities	$ 807	$ 721	$ 1,877	$ 1,445

As of June 30, 2024, the weighted-average remaining lease term for operating leases is 10.7 years, and the weighted-average discount rate for operating leases is 7.0%. As of June 30, 2023, the weighted-average remaining lease term for operating leases was 11.7 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 June 30, 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 and six months ended June 30, 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 in exchange for cash consideration. For the six months ended June 30, 2024, Company earned and recognized $16.3 million in non-cash royalty revenue under the Ultomiris Royalty Sale Agreement.

The Company recognized $6.9 million and $16.3 million of non-cash royalty revenue during the three and six months ended June 30, 2024, respectively, and $11.2 million and $21.6 million of royalty revenue under this arrangement for the three and six months ended June 30, 2023, respectively. As of June 30, 2024, there is no receivable and no deferred revenue 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 shared in 45% of development and commercialization costs of Collaboration Products, and we were 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 assumed 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 and six months ended June 30, 2024 or 2023. As of June 30, 2024, there is a $7.6 million payable related to cost-sharing development activities during the first half of 2024 for development studies being conducted under the Genentech Agreement. There is no deferred revenue as of June 30, 2024, as obligations to perform research activities have expired.

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 and six months ended June 30, 2024 and 2023 under the J&J Agreement. As of June 30, 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 collaborated with J&J on clinical development of plamotamab with J&J and shared development costs with J&J paying 80% and the Company paying 20% of certain development costs. In June 2024, the Company was notified that J&J will terminate its rights to plamotamab.

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 $5.2 million as of June 30, 2024, related to cost-sharing activities for development of plamotamab under the Second J&J Agreement. No revenue was recognized for the three and six months ended June 30, 2024, and the Company recognized $22.2 million and $27.5 million of revenue for the three and six months ended June 30, 2023, respectively. There is no deferred revenue as of June 30, 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.

The Company recognized $1.6 million and $4.4 million of non-cash royalty revenue during the three and six months ended June 30, 2024, respectively. The Company recognized $2.0 million and $3.9 million of royalty revenue during the three and six months ended June 30, 2023, respectively. As of June 30, 2024, there is a receivable of $2.1 million related to estimated royalties due under the arrangement. As of June 30, 2024, there is no deferred revenue related to this agreement.

Shanghai Mabgeek Biotech Co., Ltd.

On December 22, 2023, the Company entered into a Technology License Agreement with Shanghai Mabgeek Biotech Co., Ltd. (Mabgeek), and the Company and Mabgeek entered into Amendment No. 1 on June 21, 2024 (collectively, Mabgeek Agreement). Under the Mabgeek Agreement, the Company received an upfront payment of $1.5 million and up to $11.9 million of milestones. In addition, the Company is eligible to receive royalties on the net sales of approved products in the low single digits.

The Company evaluated the Mabgeek Agreement and determined that the single performance obligation was access to a non-exclusive license to certain patents of the Company which were transferred to Mabgeek in June 2024.

The Company recognized $1.5 million of license revenue related to the agreement for the three and six months ended June 30, 2024. There is no deferred revenue as of June 30, 2024 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 six months ended June 30, 2024. No revenue was recognized for the three months ended June 30, 2024 or the three and six months ended June 30, 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.

The Company recognized $0.1 million of revenue for the six months ended June 30, 2024, and the Company recognized $0.1 million and $1.5 million of royalty revenue for the three and six months ended June 30, 2023, respectively. As of June 30, 2024, there is no receivable related to estimated royalty due under this agreement, and there is no deferred revenue 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 $20.4 million in the six months ended June 30, 2024 due to an impairment analysis resulting from 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 and six months ended June 30, 2023. The Company did not recognize any revenue for the three and six months ended June 30, 2024. The Company recognized $10.0 million of milestone revenue for the three and six months ended June 30, 2023, and there is no deferred revenue related to this agreement.

Third-Party Licensee

In May 2024, the Company entered into a Patent License Agreement (Third-Party Licensee Agreement) with a third-party licensee. The Company completed delivery of the performance obligation under the agreement, and the Company will receive a payment of $7.0 million.

The Company recognized $7.0 million of license revenue for the three and six months ended June 30, 2024, and there is a receivable of $7.0 million. 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 $4.6 million and $8.0 million under the Gale Services Agreement for the three and six months ended June 30, 2024, respectively, were eliminated in consolidation. In July 2024, the Company entered into a preferred stock purchase agreement to purchase additional shares in Gale for $3.0 million.

Revenues earned

The revenues recorded for the three and six months ended June 30, 2024 and 2023 were earned principally from the following licensees (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Alexion	$ 6.9	$ 11.2	$ 16.3	$ 21.6
Janssen	—	22.2	—	27.5
Mabgeek	$ 1.5	$ —	$ 1.5	$ —
MorphoSys	1.6	2.0	4.4	3.9
Vega	—	—	0.5	—
Vir	—	0.1	0.1	1.5
Viridian	$ —	$ —	$ —	$ —
Zenas	$ —	$ 10.0	$ —	$ 10.0
Third Party Licensee	$ 7.0	$ —	$ 7.0	$ —
Total	$ 17.0	$ 45.5	$ 29.8	$ 64.5

The table below summarizes the disaggregation of revenue recorded for the three and six months ended June 30, 2024 and 2023 (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Research collaboration	$ —	$ 22.2	$ —	$ 22.5
License	8.5	—	8.5	—
Milestone	—	10.0	0.5	15.0
Royalties	—	13.3	0.1	27.0
Non-cash royalties	8.5	—	20.7	—
Total	$ 17.0	$ 45.5	$ 29.8	$ 64.5

Remaining Performance Obligations and Deferred Revenue

The Company does not have any remaining performance obligation as of June 30, 2024. As of June 30, 2023, the Company had deferred revenue of $7.9 million for conducting research activities pursuant to the Second J&J Agreement. All deferred revenue as of June 30, 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

The Company recorded $0.1 million of income tax expense for the three and six months ended June 30, 2024. There is no provision for income tax for the three and six months ended June 30, 2023. As of June 30, 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 loss. For the three and six months ended June 30, 2024, the Company recognized $6.9 million and $16.3 million of non-cash royalty revenue, respectively. There is $140.6 million in deferred income as of June 30, 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 pursuant to ASC 470 *Debt*. At June 30, 2024, the Company reassessed the estimate of total future royalty payments and updated the estimated effective interest rate to 17.5%. 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 and six months ended June 30, 2024, the Company recognized $1.6 million and $4.4 million of non-cash royalty revenue, respectively, and $0.8 million and $1.9 million of non-cash interest expense, respectively.

The following table shows the activity within debt for the six months ended June 30, 2024 (in thousands):

	June 30, 2024
Beginning balance of debt related to sale of future royalties	$ 20,974
Royalties owed to OMERS	834
Royalties paid to OMERS	(4,448)
Non-cash interest expense recognized	1,900
Ending balance of debt related to sale of future royalties	$ 19,260
Debt - short-term	6,947
Debt - long-term	12,313
Total debt	$ 19,260

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. 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 are currently enrolling Phase 1 or Phase 2 studies for four wholly-owned candidates to treat patients with many different types of serious 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 T-cell engager that targets ENPP3, a tumor-associated antigen in renal cell carcinoma (RCC), and CD3, an activating receptor on T cells. 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 T-cell engager 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 T-cell engager that targets Claudin-6 (CLDN6), a tumor-associated antigen in ovarian cancer and other solid tumors, and CD3. 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 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.

In the first half of 2024, we concluded a Phase 1b study that was evaluating the safety and tolerability of multiple ascending doses of XmAb564, administered subcutaneously in patients, and we have paused further development.

XmAb662 (IL12-Fc Cytokine): XmAb662 is a potency-reduced interleukin-12 Fc (IL12-Fc) fusion protein engineered to increase anti-tumor activity and immunogenicity in the tumor microenvironment by promoting high levels of interferon gamma secretion from T cells and NK cells. In the first half of 2024, we concluded a Phase 1 study that was evaluating XmAb662 in patients with advanced solid tumors, and we have paused further development.

Candidates Previously Co-Developed with Partners

Plamotamab (CD20 x CD3): Plamotamab is a bispecific T-cell engager that targets CD20, a target receptor on B cells, and CD3. Results from the expansion portion of a Phase 1 study indicate that intravenous plamotamab monotherapy was well tolerated and demonstrated encouraging clinical activity in heavily pretreated patients with an advanced form of lymphoma at the recommended Phase 2 intravenous dose. In 2023, we completed patient enrollment in subcutaneous dose escalation cohorts of the Phase 1 study. We had been co-developing plamotamab with Johnson & Johnson (J&J), and in June 2024, we regained exclusive worldwide rights to develop and commercialize the candidate. We are reviewing plamotamab's potential for addressing the unmet medical needs of patients.

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 previously co-developed 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 a Phase 1 study evaluating efbalropendekin in patients with relapsed/refractory multiple myeloma 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 assumed sole responsibility over all clinical, regulatory and commercial activities. We are 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 $1.6 million in estimated non-cash royalties from MorphoSys for the three months ended June 30, 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 $6.9 million in estimated non-cash royalties from Alexion for the three months ended June 30, 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 June 30, 2024, we had an accumulated deficit of $598.4 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 June 30, 2024 and 2023

The following table summarizes our results of operations for the three months ended June 30, 2024 and 2023 (in millions):

	Three Months Ended June 30,		
	2024	2023	Change
Revenues:			
Research collaboration	$ —	$ 22.2	$ (22.2)
License	8.5	—	8.5
Milestone	—	10.0	(10.0)
Royalties	8.5	13.3	(4.8)
Total revenues	17.0	45.5	(28.5)
Operating expenses:			
Research and development	61.5	60.0	1.5
General and administrative	17.7	11.5	6.2
Total operating expenses	79.2	71.5	7.7
Other income (expense), net	(5.0)	4.0	(9.0)
Loss before income tax expense	(67.2)	(22.0)	(45.2)
Income tax expense	0.1	—	0.1
Net loss	(67.3)	(22.0)	(45.3)
Net loss attributable to non-controlling interest	(1.4)	—	(1.4)
Net loss attributable to Xencor, Inc.	$ (65.9)	$ (22.0)	$ (43.9)

Revenues

Revenues for the three months ended June 30, 2024 are primarily from licensing revenue from Mabgeek and a third-party licensee as well as non-cash royalty revenue from Alexion and MorphoSys/Incyte. Revenues for the three months ended June 30, 2023 are primarily from research revenue from our second collaboration with Janssen, royalty revenue from Alexion, and milestone revenue from Zenas.

Research and Development Expenses

The following tables summarize our research and development expenses for the three months ended June 30, 2024 and 2023 (in millions):

	Three Months Ended June 30,		
	2024	2023	Change
Product programs:			
Bispecific programs:			
CD3 programs:			
*Plamotamab**	*$ 2.8*	*$ 4.1*	*$ (1.3)*
XmAb819 (ENPP3 x CD3)	*6.8*	*4.8*	*2.0*
XmAb541 (CLDN6 X CD3)	*4.5*	*6.3*	*(1.8)*
Total CD3 programs	14.1	15.2	(1.1)
XmAb808 (B7-H3 x CD28)	*5.2*	*4.3*	0.9
Tumor micro environment (TME) activator programs:			
Vudalimab	*12.2*	*9.6*	*2.6*
XmAb104	*0.7*	*5.8*	*(5.1)*
Total TME activators programs	12.9	15.4	(2.5)
Subtotal bispecific programs	32.2	34.9	(2.7)
Cytokine programs:			
*XmAb306/RG6323 programs**	*4.9*	*(0.5)*	*5.4*
XmAb564	*2.3*	*5.9*	*(3.6)*
XmAb662 (IL-12-Fc)	*2.0*	*3.8*	*(1.8)*
Total cytokine programs	9.2	9.2	—
Other, research and early stage programs	*19.9*	*14.7*	*5.2*
Wind down costs of terminated programs [(1)]	*0.2*	*1.2*	*(1.0)*
Total research and development expenses	$ 61.5	$ 60.0	$ 1.5

*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 June 30,		
	2024	2023	Change
External research and development expenses	$ 29.6	$ 25.0	$ 4.6
Internal research and development expenses	23.2	25.9	(2.7)
Stock based compensation	8.7	9.1	(0.4)
Total research and development expenses	$ 61.5	$ 60.0	$ 1.5

Research and development expenses increased by $1.5 million for the three months ended June 30, 2024 over the same period in 2023 primarily due to increased spending on other research and early stage programs, partially offset by decreased spending on our XmAb104 program.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the three months ended June 30, 2024 and 2023 (in millions):

	Three Months Ended June 30,		
	2024	2023	Change
General and administrative	$ 17.7	$ 11.5	$ 6.2

General and administrative expenses increased by $6.2 million for the three months ended June 30, 2024 over the same period in 2023 primarily due to increased spending on corporate activities, including stock-based compensation costs related to the extension of vesting periods and expiration dates of equity awards for employees who retired in April 2024.

Other Income (Expense), Net

Other (expense), net was $(5.0) million for the three months ended June 30, 2024, which consists of unrealized and realized losses recognized from the change in fair value and the sale of our equity investments, partially offset by interest income earned on investments. Other income, net was $4.0 million for the three months ended June 30, 2023, which consists primarily of interest income earned on investments.

Comparison of the Six Months Ended June 30, 2024 and 2023

The following table summarizes our results of operations for the six months ended June 30, 2024 and 2023 (in millions):

	Six Months Ended June 30,		
	2024	2023	Change
Revenues:			
Research collaboration	$ —	$ 22.5	$ (22.5)
License	8.5	—	8.5
Milestone	0.5	15.0	(14.5)
Royalties	20.8	27.0	(6.2)
Total revenues	29.8	64.5	(34.7)
Operating expenses:			
Research and development	118.4	125.6	(7.2)
General and administrative	31.5	25.6	5.9
Total operating expenses	149.9	151.2	(1.3)
Other income (expense), net	(15.8)	4.0	(19.8)
Loss before income tax expense	(135.9)	(82.7)	(53.2)
Income tax expense	0.1	—	0.1
Net loss	$ (136.0)	$ (82.7)	$ (53.3)
Net loss attributable to non-controlling interest	(2.1)	—	(2.1)
Net loss attributable to Xencor, Inc.	$ (133.9)	$ (82.7)	$ (51.2)

Revenues

Revenues for the six months ended June 30, 2024 are primarily licensing revenue from Mabgeek and a third-party licensee as well as non-cash royalty revenue from Alexion and MorphoSys. Revenues for the six months ended June 30, 2023 are primarily from research revenue from our second collaboration with Janssen, royalty revenue from Alexion, and milestone revenue from Janssen and Zenas.

Research and Development Expenses

The following tables summarize our research and development expenses for the six months ended June 30, 2024 and 2023 (in millions):

	Six Months Ended June 30,		
	2024	2023	Change
Product programs:			
Bispecific programs:			
CD3 programs:			
*Plamotamab**	*$ 5.0*	*$ 9.8*	*$ (4.8)*
XmAb819 (ENPP3 x CD3)	*13.1*	*9.3*	*3.8*
XmAb541 (CLDN6 X CD3)	*7.0*	*10.9*	*(3.9)*
Total CD3 programs	25.1	30.0	(4.9)
XmAb808 (B7-H3 x CD28)	*10.5*	*8.1*	2.4
Tumor micro environment (TME) activator programs:			
Vudalimab	*23.7*	*17.3*	*6.4*
XmAb104	*3.2*	*13.0*	*(9.8)*
Total TME activators programs	26.9	30.3	(3.4)
Subtotal bispecific programs	62.5	68.4	(5.9)
Cytokine programs:			
*XmAb306/RG6323 programs**	*10.4*	*4.5*	*5.9*
XmAb564	*6.8*	*12.5*	*(5.7)*
XmAb662 (IL-12-Fc)	*4.8*	*7.0*	*(2.2)*
Total cytokine programs	22.0	24.0	(2.0)
Other, research and early stage programs	*33.2*	*28.9*	*4.3*
Wind down costs of terminated programs [1]	*0.7*	*4.3*	*(3.6)*
Total research and development expenses	$ 118.4	$ 125.6	$ (7.2)

*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.

	Six Months Ended June 30,		
	2024	2023	Change
External research and development expenses	$ 55.3	$ 54.0	$ 1.3
Internal research and development expenses	47.7	54.2	(6.5)
Stock based compensation	15.4	17.4	(2.0)
Total research and development expenses	$ 118.4	$ 125.6	$ (7.2)

Research and development expenses decreased by $7.2 million for the six months ended June 30, 2024 over the same period in 2023 primarily due to decreased spending on our XmAb104 program, partially offset by increased spending on other research and early stage programs.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the six months ended June 30, 2024 and 2023 (in millions):

	Six Months Ended June 30,		
	2024	2023	Change
General and administrative	$ 31.5	$ 25.6	$ 5.9

General and administrative expenses increased by $5.9 million for the six months ended June 30, 2024 over the same period in 2023 primarily due to increased corporate activities including stock-based compensation costs related to the extension of vesting periods and expiration dates of equity awards for employees who retired in April 2024.

Other Income (Expense), Net

Other income (expense), net was $(15.8) million and $4.0 million for the six months ended June 30, 2024 and 2023, respectively. Other expense, net for the six months ended June 30, 2024 consists of an impairment charge on Zenas, our equity investment without a readily determinable fair value, and unrealized and realized losses recognized from the change in fair value and the sale of our other equity investments with readily determinable fair values, partially offset by interest income earned on investments. Other income, net for the same period in 2023 consists primarily of interest income earned on investments, partially offset by unrealized loss recognized from the change in fair value of our equity investments.

Cash Flows

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

	Six Months Ended June 30,		
	2024	2023	Change
Net cash provided by (used in):			
Operating activities	$ (120,595)	$ (68,814)	$ (51,781)
Investing activities	$ 98,334	$ 46,739	$ 51,595
Financing activities	$ (757)	$ 2,843	$ (3,600)
Net decrease in cash	$ (23,018)	$ (19,232)	$ (3,786)

Operating Activities

Cash used in operating activities for the six months ended June 30, 2024 and 2023 was $120.6 million and $68.8 million, respectively. The increase in cash used in operating activities is due to the decrease in royalty revenue received as a result of the sale of future royalties in 2023 and higher spending in the six months ended June 30, 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 used in financing activities for the six months ended June 30, 2024 is due to the reduction in our liability under the OMERS agreement for Monjuvi, partially offset by net proceeds from the exercise of stock options and purchase of ESPP. Net cash provided by financing activities for the six months ended June 30, 2023 represents net proceeds from the exercise of stock options and purchase of ESPP.

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 June 30, 2024, we had $585.4 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, and 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 June 30, 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 June 30, 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.

Notwithstanding the material weakness described in "Item 4. Controls and Procedures" of our Form 10-Q for the quarter ended March 31, 2024 and completion of additional procedures, our management, including our chief executive officer and chief financial officer, has concluded that our financial statements 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.

Material Weakness Remediation Efforts

We continue to make further progress in implementing changes to our internal control over financial reporting to remediate the material weakness described in "Item 4. Controls and Procedures" of our Form 10-Q for the quarter ended March 31, 2024. Our plan to address the material weakness includes (1) expand management’s oversight of the impairment analysis of its equity investments in securities without 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 have made necessary improvements in the design of our internal controls and implemented additional controls around the impairment analysis. We have engaged an external resource to assist with the valuation of securities without a readily determinable fair value and we have formalized our policies related to the evaluation of early indicators of impairment by documenting our impairment analysis and having a formal communications framework regarding the Company's knowledge of any indicators of impairment.

Management is committed to maintaining an effective internal control environment and remediating the identified material weakness in a timely manner, with appropriate oversight from our Audit Committee. The elements of our remediation plan can only be accomplished over time. This material weakness will not be considered remediated until the applicable remediated controls operate for a sufficient period of time and management has concluded, through testing, that

these controls are operating effectively. Management will monitor the effectiveness of its remediation plan and will refine it appropriately.

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 six months ended June 30, 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 5. Other Information

(c) Rule 10b5-1 Plans

On June 14, 2024, Bassil Dahiyat, our Chief Executive Officer, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 66,192 shares of the Company's common stock until February 13, 2025.

On June 14, 2024, John Desjarlais, our Executive Vice President and Chief Scientific Officer, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 81,458 shares of the Company's common stock until February 12, 2025.

On June 28, 2024, Ellen Feigal, a member of our Board of Directors, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 5,496 shares of the Company's common stock until June 27, 2025.

On June 28, 2024, Kevin Gorman, a member of our Board of Directors, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 5,827 shares of the Company's common stock until June 30, 2025.

On June 28, 2024, Kurt Gustafson, a member of our Board of Directors, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 5,496 shares of the Company's common stock until June 27, 2025.

On June 28, 2024, Dagmar Rosa-Bjorkeson, a member of our Board of Directors, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 5,496 shares of the Company's common stock until June 27, 2025.

On May 23, 2024, Richard Ranieri, a member of our Board of Directors, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 15,000 shares of the Company's common stock until May 16, 2025, and it was terminated on June 27, 2024. On June 28, 2024, he adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 20,496 shares of the Company's common stock until June 27, 2025.

On June 27, 2024, A Bruce Montgomery, a member of our Board of Directors, terminated a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) entered on August 7, 2023. On June 28, 2024, he adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 26,568 shares of the Company's common stock until June 27, 2025.

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	Consulting Agreement by and between the Company and John J. Kuch, dated April 19, 2024.
10.2	Executive Employment Agreement Addendum No. 2 dated June 1, 2024 by and between the Company and Nancy Valente
31.1	Rule 13a-14(a) Certification of Principal Executive Officer.
31.2	Rule 13a-14(a) Certification of Principal Financial Officer.
32.1	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer.
101.INS	Inline XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Schema Document
101.CAL	Inline XBRL Calculation Linkbase Document
101.DEF	Inline XBRL Definition Linkbase Document
101.LAB	Inline XBRL Labels Linkbase Document
101.PRE	Inline XBRL Presentation Linkbase Document
104	104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

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

XENCOR, INC.

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

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

Dated: August 5, 2024

XENCOR, INC.

CONSULTING AGREEMENT

Effective Date: April 19, 2024

This Consulting Agreement (the "***Agreement***") is made as of the Effective Date set forth above by and between Xencor, Inc. ("***Client***") and the consultant named on the signature page hereto ("***Consultant***").

WHEREAS, Client and Consultant entered into and agreed to a consulting arrangement on April [x], 2024 for Consultant to provide business and corporate development services to Client in exchange for Client's agreement to continue certain option vesting and option exercise periods during the term of the arrangement;

WHEREAS, Client and Consultant wish to document the arrangement in writing in a formal Consulting Agreement;

THEREFORE, for good and valuable consideration the sufficiency of which is acknowledged, the parties agree as follows:

1. Engagement of Services. Client may issue Project Assignments to Consultant in the form attached to this Agreement as **Exhibit A** (each, a "***Project Assignment***"). Subject to the terms of this Agreement, Consultant will render the services set forth in Project Assignment(s) accepted by Consultant (the "***Services***") by the completion dates set forth therein. Except as otherwise provided in the applicable Project Assignment, Consultant will be free of control and direction from the Client (other than general oversight and control over the results of the Services), and will have exclusive control over the manner and means of performing the Services, including the choice of place and time. Consultant will provide, at Consultant's own expense, a place of work and all equipment, tools and other materials necessary to complete the Services; however, to the extent necessary to facilitate performance of the Services, Client may, in its discretion, make certain of its equipment or facilities available to Consultant at Consultant's request. While on the Client's premises, Consultant agrees to comply with Client's then-current access rules and procedures, including those related to safety, security and confidentiality. Consultant agrees and acknowledges that Consultant has no expectation of privacy with respect to Client's telecommunications, networking or information processing systems (including stored computer files, email messages and voice messages) and that Consultant's activities, including the sending or receiving of any files or messages, on or using those systems may be monitored, and the contents of such files and messages may be reviewed and disclosed, at any time, without notice.

2. Compensation. Client will provide the compensation, if any, set forth in each Project Assignment for Services rendered pursuant to this Agreement as Consultant's sole compensation for such Services; it being expressly understood that except for the consideration set forth in Exhibit A, Client is not offering and Consultant is not relying on any additional compensation. Consultant will be reimbursed only for expenses that are expressly provided for in a Project Assignment or that have been approved in advance in writing by Client, provided Consultant has furnished such documentation for authorized expenses as Client may reasonably request.

3. Ownership of Work Product. Consultant hereby irrevocably assigns to Client all right, title and interest worldwide in and to any deliverables specified in a Project Assignment and to any ideas, concepts, processes, discoveries, developments, formulae, information, materials, improvements,

designs, artwork, content, software programs, other copyrightable works, and any other work product created, conceived or developed by Consultant (whether alone or jointly with others) for Client during or before the term of this Agreement, including all copyrights, patents, trademarks, trade secrets, and other intellectual property rights therein (collectively, the "***Work Product***"). Consultant retains no rights to use the Work Product and agrees not to challenge the validity of Client's ownership of the Work Product. Consultant agrees to execute, at Client's request and expense, all documents and other instruments necessary or desirable to confirm such assignment, including without limitation, any copyright assignment or patent assignment provided by the Client. Consultant hereby irrevocably appoints Client as Consultant's attorney-in-fact for the purpose of executing such documents on Consultant's behalf, which appointment is coupled with an interest. At Client's request, Consultant will promptly record any such patent assignment with the United States Patent and Trademark Office. Client will reimburse Consultant for any reasonable out-of-pocket expenses actually incurred by Consultant in fulfilling its obligations under this section. Consultant will deliver each item of Work Product specified in each Project Assignment and disclose promptly in writing to Client all other Work Product.

4. Other Rights. If Consultant has any rights, including without limitation "artist's rights" or "moral rights," in the Work Product that cannot be assigned, Consultant hereby unconditionally and irrevocably grants to Client an exclusive (even as to Consultant), worldwide, fully paid and royalty-free, irrevocable, perpetual license, with rights to sublicense through multiple tiers of sublicensees, to use, reproduce, distribute, create derivative works of, publicly perform and publicly display the Work Product in any medium or format, whether now known or later developed. In the event that Consultant has any rights in the Work Product that cannot be assigned or licensed, Consultant unconditionally and irrevocably waives the enforcement of such rights, and all claims and causes of action of any kind against Client or Client's customers.

5. License to Preexisting IP. Consultant agrees not to use or incorporate into Work Product any intellectual property developed by any third party or by Consultant other than in the course of performing services for Client ("***Preexisting IP***") unless the Preexisting IP has been specifically identified and described in the applicable Project Assignment. In the event Consultant uses or incorporates Preexisting IP into Work Product, Consultant hereby grants to Client a non-exclusive, worldwide, fully-paid and royalty-free, irrevocable, perpetual license, with the right to sublicense through multiple tiers of sublicensees, to use, reproduce, distribute, create derivative works of, publicly perform and publicly display in any medium or format, whether now known or later developed, such Preexisting IP incorporated or used in Work Product.

6. Representations and Warranties. Consultant represents and warrants that: (a) the Services will be performed in a professional manner and in accordance with the industry standards and the Work Product will comply with the requirements set forth in the applicable Project Assignment, (b) the Work Product will be an original work of Consultant, (c) Consultant has the right and unrestricted ability to assign the ownership of Work Product to Client as set forth in Section 3 (including without limitation the right to assign the ownership of any Work Product created by Consultant's employees or contractors), (d) neither the Work Product nor any element thereof will infringe upon or misappropriate any copyright, patent, trademark, trade secret, right of publicity or privacy, or any other proprietary right of any person, whether contractual, statutory or common law, (e) Consultant has an unqualified right to grant to Client the license to Preexisting IP set forth in Section 5, (f) none of the Work Product incorporates any software code licensed under the GNU General Public License or Lesser General Public License or any other license that, by its terms, requires or conditions the use or distribution of such code on the disclosure, licensing, or distribution of any source code owned or licensed by Client, except as expressly agreed by the Client in writing, and (g) Consultant will comply with all applicable federal, state,

local and foreign laws governing self-employed individuals, including laws requiring the payment of taxes, such as income and employment taxes, and social security, disability, and other contributions. Consultant further represents and warrants that Consultant is self-employed in an independently established trade, occupation, or business; maintains and operates a business that is separate and independent from Client's business; holds himself or herself out to the public as independently competent and available to provide applicable services similar to the Services; has obtained and/or expects to obtain clients or customers other than Client for whom Consultant performs services; and will perform work for Client that Consultant understands is outside the usual course of Client's business. Consultant agrees to indemnify and hold Client harmless from any and all damages, costs, claims, expenses or other liability (including reasonable attorneys' fees) arising from or relating to the breach or alleged breach by Consultant of the representations and warranties set forth in this Section 6.

7. Independent Contractor Relationship. Consultant's relationship with Client is that of an independent contractor, and nothing in this Agreement is intended to, or should be construed to, create a partnership, agency, joint venture or employment relationship between Client and any of Consultant's employees or agents. Consultant is not authorized to make any representation, contract or commitment on behalf of Client. Consultant (if Consultant is an individual) and Consultant's employees will not be entitled to any of the benefits that Client may make available to its employees, including, but not limited to, group health or life insurance, profit-sharing or retirement benefits. Because Consultant is an independent contractor, Client will not withhold or make payments for social security, make unemployment insurance or disability insurance contributions, or obtain workers' compensation insurance on behalf of Consultant. Consultant is solely responsible for, and will file, on a timely basis, all tax returns and payments required to be filed with, or made to, any federal, state or local tax authority with respect to the performance of Services and receipt of fees under this Agreement. Consultant is solely responsible for, and must maintain adequate records of, expenses incurred in the course of performing Services under this Agreement. No part of Consultant's compensation will be subject to withholding by Client for the payment of any social security, federal, state or any other employee payroll taxes. Client will regularly report amounts paid to Consultant by filing Form 1099-MISC with the Internal Revenue Service as required by law. If, notwithstanding the foregoing, Consultant is reclassified as an employee of Client, or any affiliate of Client, by the U.S. Internal Revenue Service, the U.S. Department of Labor, or any other federal or state or foreign agency as the result of any administrative or judicial proceeding, Consultant agrees that Consultant will not, as the result of such reclassification, be entitled to or eligible for, on either a prospective or retrospective basis, any employee benefits under any plans or programs established or maintained by Client.

8. Confidential Information. During the term of this Agreement and thereafter Consultant (i) will not use or permit the use of Client's Confidential Information in any manner or for any purpose not expressly set forth in this Agreement, (ii) will hold such Confidential Information in confidence and protect it from unauthorized use and disclosure, and (iii) will not disclose such Confidential Information to any third parties except as set forth in this section and in Section 9 below. Consultant will protect Client's Confidential Information from unauthorized use, access or disclosure in the same manner as Consultant protects its own confidential information of a similar nature, but in no event will it exercise less than reasonable care. Notwithstanding the foregoing or anything to the contrary in this Agreement or any other agreement between Client and Consultant, nothing in this Agreement shall limit Consultant's right to report possible violations of law or regulation with any federal, state, or local government agency or to discuss the terms and conditions of Consultant's engagement by Client to the extent that such disclosure is protected under applicable provisions of law or regulation, including but not limited to "whistleblower" statutes or other similar provisions that protect such disclosure. "***Confidential Information***" as used in this Agreement means all information disclosed by Client to Consultant, whether

during or before the term of this Agreement, that is not generally known in the Client's trade or industry and will include, without limitation: (a) concepts and ideas relating to the development and distribution of content in any medium or to the current, future and proposed products or services of Client or its subsidiaries or affiliates; (b) trade secrets, drawings, inventions, know-how, software programs, and software source documents; (c) information regarding plans for research, development, new service offerings or products, marketing and selling, business plans, business forecasts, budgets and unpublished financial statements, licenses and distribution arrangements, prices and costs, suppliers and customers; (d) existence of any business discussions, negotiations or agreements between the parties; and (e) any information regarding the skills and compensation of employees, contractors or other agents of Client or its subsidiaries or affiliates. Confidential Information also includes proprietary or confidential information of any third party who may disclose such information to Client or Consultant in the course of Client's business. Confidential Information does not include information that (x) is or becomes a part of the public domain through no act or omission of Consultant, (y) is disclosed to Consultant by a third party without restrictions on disclosure, or (z) was in Consultant's lawful possession without obligation of confidentiality prior to the disclosure and was not obtained by Consultant either directly or indirectly from Client. In addition, this section will not be construed to prohibit disclosure of Confidential Information to the extent that such disclosure is required by law or valid order of a court or other governmental authority; *provided, however*, that Consultant will first have given notice to Client and will have made a reasonable effort to obtain a protective order requiring that the Confidential Information so disclosed be used only for the purposes for which the order was issued. All Confidential Information furnished to Consultant by Client is the sole and exclusive property of Client or its suppliers or customers. Upon request by Client, Consultant agrees to promptly deliver to Client the original and any copies of the Confidential Information. Notwithstanding the foregoing nondisclosure obligations, pursuant to 18 U.S.C. Section 1833(b), Consultant will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

8.1. Personal Information. With respect to any Confidential Information that constitutes personal data, personal information, personally identifiable information or similar information under applicable privacy or data security laws (collectively, "***Personal Information***"), Consultant shall not (i) sell Personal Information or (ii) retain, use or disclose Personal Information for any purpose other than the specific purpose of providing the Services. For the avoidance of doubt, the foregoing prohibits Consultant from "selling" Personal Information, as defined in the California Consumer Privacy Act of 2018 (as amended, the "***CCPA***"), and from retaining, using, or disclosing Personal Information outside of the direct business relationship between Consultant and Client or for a "commercial purpose" (as defined in the CCPA). Consultant hereby certifies that it understands the obligations under this Section 8.1 and will comply with them.

8.1.1. Consultant shall use reasonable security measures appropriate to the nature of any Personal Information in its possession or control to protect the Personal Information from unauthorized access, destruction, use, modification, or disclosure.

8.1.2. The parties acknowledge and agree that Consultant's access to Personal Information is not part of the consideration exchanged by the parties in respect of the Agreement.

8.1.3. If any individual contacts Consultant to make a request pertaining to their Personal Information, Consultant shall promptly forward the request to the Client and shall not respond to

the individual except as instructed by Client. Consultant shall promptly take such actions and provide such information as Client may request to help Client fulfill requests of individuals to exercise their rights under the applicable privacy or data security laws, including, without limitation, requests to access, delete, opt-out of the sale of, or receive information about the processing of, Personal Information pertaining to them. Consultant agrees to cooperate with Client to further amend the Agreement as may be necessary to address compliance with applicable privacy or data security laws.

9. Consultant's Employees, Consultants and Agents. Consultant shall have the right to disclose Confidential Information only to those of its employees, consultants, and agents who have a need to know such information for the purpose of performing Services and who have entered into a binding written agreement that is expressly for the benefit of Client and protects Client's rights and interests in and to the Confidential Information to at least the same degree as this Agreement. Client reserves the right to refuse or limit Consultant's use of any employee, consultant or agent or to require Consultant to remove any employee, consultant or agent already engaged in the performance of the Services. Client's exercise of such right will in no way limit Consultant's obligations under this Agreement.

10. No Conflict of Interest. During the term of this Agreement, Consultant will not accept work, enter into a contract, or accept an obligation from any third party, inconsistent or incompatible with Consultant's obligations under this Agreement, or the scope of Services. Consultant warrants that there is no other contract or duty on its part inconsistent with this Agreement. Consultant agrees to indemnify Client from any and all loss or liability incurred by reason of the alleged breach by Consultant of any services agreement with any third party.

11. Term and Termination.

11.1. Term. The term of this Agreement shall begin on the Effective Date set forth above and end on March 2, 2033 (the "***Term***"), unless earlier terminated as provided in this Agreement.

11.2. Termination. Either party may terminate this Agreement with or without cause, at any time upon written notice to the other party.

11.3. Survival. The rights and obligations contained in Sections 3 ("***Ownership of Work Product***"), 4 ("***Other Rights***"), 5 ("***License to Preexisting IP***"), 6 ("***Representations and Warranties***"), 8 ("***Confidential Information***"), 13 ("***Nonsolicitation***"), 14 ("***Agreement to Arbitrate All Disputes***"), and 15 ("***Other Provisions***") will survive any termination or expiration of this Agreement.

12. Noninterference with Business. Consultant agrees that during the Term of this Agreement, Consultant will not, without Client's express written consent, either directly or indirectly engage in any employment or business activity that is competitive with, or would otherwise conflict with the Services rendered to, or that would otherwise interfere with the business of, the Client.

13. Nonsolicitation. Consultant agrees that during the Term of this Agreement, and for one year thereafter, Consultant will not either directly or indirectly, solicit or attempt to solicit any employee, independent contractor, or consultant of Client to terminate his, her or its relationship with Client in order to become an employee, consultant, or independent contractor to or for any other person or entity.

14. Return of Client Property. Consultant agrees that, upon termination, Consultant will perform a good faith search for, and return to Client, all Client documents (and all copies thereof) and other Client property in Consultant's possession or control, including, but not limited to, Consultant's files, correspondence, memoranda, notes, notebooks, drawings, books and records, plans, forecasts,

reports, proposals, studies, agreements, financial information, personnel information, sales and marketing information, research and development information, systems information, specifications, computer-recorded information, tangible property and equipment, credit cards, entry cards, identification badges and keys, and any materials of any kind that contain or embody any proprietary or confidential information of Client (and all reproductions thereof in whole or in part).

15. Agreement to Arbitrate All Disputes. To ensure the timely and economical resolution of disputes that may arise between Consultant and Client, both Consultant and Client mutually agree that pursuant to the Federal Arbitration Act, 9 U.S.C. §1-16, and to the fullest extent permitted by applicable law, Consultant and Client will submit solely to final, binding and confidential arbitration any and all disputes, claims, or causes of action arising from or relating to: **(i)** the negotiation, execution, interpretation, performance, breach or enforcement of this Agreement; or **(ii)** Consultant's relationship with Client (including but not limited to all statutory claims); or **(iii)** the termination of Consultant's relationship with Client (including but not limited to all statutory claims). **BY AGREEING TO THIS ARBITRATION PROCEDURE, BOTH CONSULTANT AND CLIENT WAIVE THE RIGHT TO RESOLVE ANY SUCH DISPUTES THROUGH A TRIAL BY JURY OR JUDGE OR THROUGH AN ADMINISTRATIVE PROCEEDING.**

15.1. Arbitrator Authority. The arbitrator shall have the sole and exclusive authority to determine whether a dispute, claim or cause of action is subject to arbitration under this Section and to determine any procedural questions which grow out of such disputes, claims or causes of action and bear on their final disposition.

15.2. Individual Capacity Only. All claims, disputes, or causes of action under this Section, whether by Consultant or Client, must be brought solely in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor joined or consolidated with the claims of any other person or entity. The arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. To the extent that the preceding sentences in this paragraph are found to violate applicable law or are otherwise found unenforceable, any claim(s) alleged or brought on behalf of a class shall proceed in a court of law rather than by arbitration.

15.3. Arbitration Process. Any arbitration proceeding under this Section shall be presided over by a single arbitrator and conducted by JAMS, Inc. ("***JAMS***") or its successor, under the then applicable JAMS Comprehensive Arbitration Rules & Procedures available upon request and also currently available at https://www.jamsadr.com/rules-comprehensive-arbitration/). Consultant and Client both have the right to be represented by legal counsel at any arbitration proceeding, at each party's own expense. The location of the arbitration proceeding shall take place San Diego, California. The arbitrator shall: **(i)** have the authority to compel adequate discovery for the resolution of the dispute; **(ii)** issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award; and **(iii)** be authorized to award any or all remedies that Consultant or Client would be entitled to seek in a court of law. Client shall pay all JAMS arbitration fees in excess of the amount of court fees that would be required of Consultant if the dispute were decided in a court of law.

15.4. Excluded Claims. This Section shall not apply to any action or claim that cannot be subject to mandatory arbitration as a matter of law (including, without limitation, claims brought pursuant to the California Private Attorneys General Act of 2004, as amended), to the extent such claims are not permitted by applicable law to be submitted to mandatory arbitration and such applicable law is not preempted by the Federal Arbitration Act or otherwise invalid (collectively, the "***Excluded***

Claims"). In the event Consultant intends to bring multiple claims, including one of the Excluded Claims listed above, the Excluded Claims may be filed with a court, while any other claims will remain subject to mandatory arbitration.

15.5. Injunctive Relief and Final Orders. Nothing in this Section is intended to prevent either Consultant or Client from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any final award in any arbitration proceeding hereunder may be entered as a judgment in the federal and state courts of any competent jurisdiction and enforced accordingly.

16. Other Provisions.

16.1. Successors and Assigns. Consultant may not subcontract or otherwise delegate or assign this Agreement or any of its obligations under this Agreement without Client's prior written consent. Any attempted assignment in violation of the foregoing will be null and void. Subject to the foregoing, this Agreement will be for the benefit of Client's successors and assigns, and will be binding on Consultant's assignees.

16.2. Notices. Any notice required or permitted by this Agreement will be in writing and will be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notice will be sent to the addresses set forth below or such other address as either party may specify in writing.

16.3. Governing Law. This Agreement will be governed in all respects by the laws of the United States of America and by the laws of the State of California, without giving effect to any conflicts of laws principles that require the application of the law of a different jurisdiction.

16.4. Severability. Should any provisions of this Agreement be held by a court of law to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement will not be affected or impaired thereby.

16.5. Waiver. The waiver by Client of a breach of any provision of this Agreement by Consultant will not operate or be construed as a waiver of any other or subsequent breach by Consultant.

16.6. Injunctive Relief for Breach. Consultant's obligations under this Agreement are of a unique character that gives them particular value; breach of any of such obligations will result in irreparable and continuing damage to Client for which there will be no adequate remedy at law; and, in the event of such breach, Client will be entitled to injunctive relief and/or a decree for specific performance, and such other and further relief as may be proper (including monetary damages if appropriate).

16.7. Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to this subject matter and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter. The terms of this Agreement will govern all services undertaken by Consultant for Client; *provided, however*, that in the event of any conflict between the terms of this Agreement and any Project Assignment, the terms of the applicable Project Assignment will control, provided that the Project Assignment specifically calls out the applicable Section number of this Agreement to be superseded and has been signed by an authorized officer of Client. This Agreement may

only be changed or amended by mutual agreement of authorized representatives of the parties in writing. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[Remainder of page intentionally left blank]

The parties have executed this Agreement as of the Effective Date.

CLIENT:

Xencor, Inc.

By: /s/ Bassil Dahiyat

Name: Bassil Dahiyat
Title: President & CEO

Email: baz@xencor.com

Address:

465 N. Halstead, Suite 200
Pasadena, California 91107

CONSULTANT:

/s/ John Kuch

John Kuch

Email: jkuch@xencor.com

Address: 555 Huntington Dr.
San Marino, CA 91108

EXHIBIT A

Project Assignment Under Consulting Agreement

Dated: April 19, 2024

Services:

Consultant will provide advice regarding the Company's finance and accounting operations (the "***Services***").

Schedule Of Work:

Consultant will be available during business hours as necessary and agreed upon by Consultant and Client to complete the Services.

Fees And Reimbursement:

As consideration for the Services, Client will consider the period during which Consultant provides Services to Client under this Consulting Agreement to be "Continuous Service" for purposes of Client's 2013 Equity Incentive Plan (the "***Equity Plan***"), and therefore Consultant's outstanding equity awards will continue to vest and, as applicable, remain exercisable in accordance with their terms during the Term of the Consulting Agreement; Vesting of the equity awards will cease at the end of the Term and Consultant's rights to exercise or otherwise acquire any vested shares shall be governed and controlled by the Equity Plan and the applicable grant documents (the "***Equity Documents***"). All terms, conditions and limitations applicable to the equity awards will continue to be subject to the applicable Equity Documents.

Consultant will be reimbursed for expenses (at cost) if approved in writing in advance by Client. Consultant will provide such reasonable receipts or other documentation of expenses as Client might request.

The parties have executed this Project Assignment as of the date first written above.

CLIENT:

Xencor, Inc.

By: /s/ Bassil Dahiyat

Name: Bassil Dahiyat
Title: President and CEO

CONSULTANT:

/s/ John Kuch

John Kuch

Executive Employment Letter Addendum #2

Whereas, Nancy Valente ("Executive") is employed by Xencor, Inc. ("Company") as its Executive Vice President & Chief Development Officer and Executive is subject to an Employment Letter, dated April 7, 2023, and an addendum thereto, dated November 7, 2023 (together, the "Employment Letter");

Whereas, pursuant to the Employment Letter, Executive was entitled to receive reimbursement for temporary housing costs for up to nine (9) months from the commencement of employment with the Company, subject to applicable tax withholding and gross up thereon;

Whereas, the temporary housing costs Executive was eligible to receive pursuant to the Employment Letter have ended and the Company desires to provide Executive with additional temporary living costs, subject to Executive's continued employment with the Company.

Now, therefore, Executive and the Company agree as follows:

Executive will be eligible to be reimbursed for temporary living expenses near Pasadena, CA for a duration of twelve (12) months from the effective date of this agreement, subject to Executive's continued employment with the Company. The maximum reimbursement Executive is eligible to receive will be $6,000 per month, subject to applicable tax withholding to the extent the Company determines the reimbursement will constitute taxable income to Executive pursuant to applicable law.

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

Executive:

/s/ Nancy Valente
Nancy Valente

June 1, 2024
Date

Company:

Xencor, Inc.

By /s/ Bassil Dahiyat

Name Bassil Dahiyat

Title President and Chief Executive Officer

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: August 5, 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: August 5, 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 June 30, 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: August 5, 2024

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 5th day of August 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.