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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2023

or

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

For the transition period from to

Commission File Number: 0-24006

NEKTAR THERAPEUTICS

(Exact name of registrant as specified in its charter)

Delaware	**94-3134940**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

455 Mission Bay Boulevard South
San Francisco, California 94158
(Address of principal executive offices)

415-482-5300
(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, $0.0001 par value	NKTR	NASDAQ Global Select Market

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

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

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

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

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

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

The number of outstanding shares of the registrant's Common Stock, $0.0001 par value, was 190,770,566 on October 31, 2023.

NEKTAR THERAPEUTICS
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Forward-Looking Statements

This report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are “forward-looking statements” for purposes of this Quarterly Report on Form 10-Q, including any projections of market size, earnings, revenue, milestone payments, royalties, sales or other financial items, any statements of the plans and objectives of management for future operations (including, but not limited to, preclinical development, clinical trials and manufacturing), any statements related to our financial condition and future working capital needs, any statements related to our strategic reorganization and cost restructuring plans, any statements regarding potential future financing alternatives, any statements concerning proposed drug candidates and our future research and development plans, any statements regarding the timing for the start or end of clinical trials or submission of regulatory approval filings, any statements regarding future economic conditions or performance, any statements regarding the initiation, formation, or success of any collaboration arrangements, commercialization activities and product sales levels and future payments that may come due to us under these arrangements, any statements regarding our plans and objectives to initiate or continue clinical trials, any statements related to potential, anticipated, or ongoing litigation and any statements of assumptions underlying any of the foregoing. In some cases, forward-looking statements can be identified by the use of terminology such as “believe,” “may,” “will,” “expects,” “plans,” “anticipates,” “estimates,” “potential” or “continue,” or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements contained herein are reasonable, such expectations or any of the forward-looking statements may prove to be incorrect and actual results could differ materially from those projected or assumed in the forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to inherent risks and uncertainties, including, but not limited to, the risk factors set forth in Part I, Item 1A “Risk Factors” below and for the reasons described elsewhere in this Quarterly Report on Form 10-Q. All forward-looking statements and reasons why results may differ included in this report are made as of the date hereof and we do not intend to update any forward-looking statements except as required by law or applicable regulations. Except where the context otherwise requires, in this Quarterly Report on Form 10-Q, the “Company,” “Nektar,” “we,” “us,” and “our” refer to Nektar Therapeutics, a Delaware corporation, and, where appropriate, its subsidiaries.

Trademarks

The Nektar brand and product names, including but not limited to Nektar®, contained in this document are trademarks and registered trademarks of Nektar Therapeutics in the United States (U.S.) and certain other countries. This document also contains references to trademarks and service marks of other companies that are the property of their respective owners.

Summary of Risks

We are providing the following cautionary discussion of risk factors, uncertainties and assumptions that we believe are relevant to our business. These are factors that, individually or in the aggregate, we think could cause our actual results to differ materially from expected and historical results and our forward-looking statements. We note these factors for investors as permitted by Section 21E of the Exchange Act and Section 27A of the Securities Act. Investors in Nektar Therapeutics should carefully consider the risks described below before making an investment decision. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider this section to be a complete discussion of all potential risks or uncertainties that may substantially impact our business. Moreover, we operate in a competitive and rapidly changing environment. New factors emerge from time to time and it is not possible to predict the impact of all of these factors on our business, financial condition or results of operations.

Risks to our business are more fully described below in Item 1A in this Form 10-Q, which risks include, among others:

- **Risks Related to our Research and Development Efforts:**
  - oclinical drug development is a lengthy and uncertain process and we may not be able to generate and develop successful drug candidates for commercial use;
  - owe are highly dependent on the success of rezpegaldesleukin (previously referred to as NKTR-358) and NKTR-255 and our business will be significantly harmed if either rezpegaldesleukin or NKTR-255 do not continue to advance in clinical studies;
  - othe outcomes from competitive immunotherapy clinical trials, and the discovery and development of new therapies could have a material and adverse impact on the value of our pipeline;
  - osignificant competition for our polymer conjugate chemistry technology platforms and our products and drug candidates could make our technologies, drug products or drug candidates obsolete or uncompetitive;
  - opreliminary and interim data from our clinical studies are subject to audit and verification procedures that could result in material changes in the final data and may change as more patient data become available; and
  - oclinical trials for any of our drug candidates could be delayed for a variety of reasons.
- **Risks Related to our Financial Condition and Capital Requirements:**
  - othere is no guarantee that our strategic reorganization plan and cost restructuring plans will achieve their intended benefits and we may need to undertake additional cost-saving measures;
  - owe have substantial future capital requirements and there is a risk we may not have access to sufficient capital to meet our current business plan;
  - oa significant source of our revenue has been derived from our collaboration agreements, and if we are unable to establish and maintain collaboration partnerships with attractive commercial terms, including significant development milestones and research and development cost-sharing, our business, results of operations and financial condition could suffer; and
  - owe expect to continue to incur substantial net losses from operations and may not achieve or sustain profitability in the future.
- **Risks Related to our Collaboration Partners:**
  - owe are highly dependent on advancing rezpegaldesleukin in clinical trials, and while we believe we currently have the materials that are necessary for us to continue clinical development of rezpegaldesleukin, our ability to perform important development activities will be significantly harmed if Eli Lilly and Company fails to continue to cooperate with us in the transfer of rezpegaldesleukin;

owe may rely on academic and private non-academic institutions to conduct investigator-sponsored clinical studies or trials of our product candidates and any failure by the investigator-sponsor to meet its obligations with respect to the clinical development of our product candidates may delay or impair our ability to obtain regulatory approval or commercialize for our product candidates; and

owe depend on third parties to conduct laboratory experiments, preclinical studies and clinical trials for our biologic candidates and any failure of those parties to fulfill their obligations according to our instructions and protocol standards could harm our research and development plans and adversely affect our business.

- **Risks Related to Supply and Manufacturing:**

oif we or our contract manufacturers are not able to manufacture drugs or drug substances in sufficient quantities that meet applicable quality standards, our business, financial condition and results of operations could be harmed; and

owe purchase some of the starting material for drugs and drug candidates from a single source or a limited number of suppliers, and the partial or complete loss of one of these suppliers could cause delays, loss of revenue and contract liability.

- **Risks Related to Intellectual Property, Litigation and Regulatory Concerns:**

owe or our partners may not obtain regulatory approval for our drug candidates on a timely basis, or at all;

opatents may not issue from our patent applications for our drug candidates, patents that have issued may not be enforceable, or additional intellectual property licenses from third parties may be required, which may not be available to us on commercially reasonable terms; and

ofrom time to time, we are involved in legal proceedings and may incur substantial litigation costs and liabilities that could adversely affect our business, financial condition and results of operations.

In addition to the above-mentioned risks, our business is subject to a number of additional risks faced by businesses generally.

PART I: FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements—Unaudited:

NEKTAR THERAPEUTICS
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)
(Unaudited)

	September 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 64,921	$ 88,227
Short-term investments	307,737	416,750
Accounts receivable	2,204	5,981
Inventory, net	15,130	19,202
Other current assets	9,033	15,808
Total current assets	399,025	545,968
Property, plant and equipment, net	19,949	32,451
Operating lease right-of-use assets	18,747	53,435
Goodwill	—	76,501
Other assets	4,523	2,245
Total assets	$ 442,244	$ 710,600
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,288	$ 12,980
Accrued expenses	29,729	36,557
Operating lease liabilities, current portion	19,095	18,667
Total current liabilities	52,112	68,204
Operating lease liabilities, less current portion	102,193	112,829
Liabilities related to the sales of future royalties, net	123,610	155,378
Other long-term liabilities	4,961	7,551
Total liabilities	282,876	343,962
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 10,000 shares authorized; no shares designated or outstanding at September 30, 2023 or December 31, 2022, respectively	—	—
Common stock, $0.0001 par value; 300,000 shares authorized; 190,771 shares and 188,560 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	19	19
Capital in excess of par value	3,600,871	3,574,719
Accumulated other comprehensive loss	(6,352)	(6,907)
Accumulated deficit	(3,435,170)	(3,201,193)
Total stockholders' equity	159,368	366,638
Total liabilities and stockholders' equity	$ 442,244	$ 710,600

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

NEKTAR THERAPEUTICS
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share information)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue:				
Product sales	$ 5,822	$ 4,969	$ 15,198	$ 15,969
Non-cash royalty revenue related to the sales of future royalties	18,167	18,342	50,860	52,167
License, collaboration and other revenue	155	314	179	1,896
Total revenue	24,144	23,625	66,237	70,032
Operating costs and expenses:				
Cost of goods sold	12,431	4,972	26,485	15,402
Research and development	24,070	33,590	84,220	183,583
General and administrative	21,147	22,534	60,097	70,394
Restructuring, impairment, and costs of terminated program	11,360	16,830	49,107	124,350
Impairment of goodwill	—	—	76,501	—
Total operating costs and expenses	69,008	77,926	296,410	393,729
Loss from operations	(44,864)	(54,301)	(230,173)	(323,697)
Non-operating income (expense):				
Change in fair value of development derivative liability	—	—	—	33,427
Non-cash interest expense on liabilities related to the sales of future royalties	(5,910)	(6,953)	(18,467)	(21,710)
Interest income and other income (expense), net	4,876	2,050	14,492	3,541
Total non-operating income (expense), net	(1,034)	(4,903)	(3,975)	15,258
Loss before provision for income taxes	(45,898)	(59,204)	(234,148)	(308,439)
Provision (benefit) for income taxes	(61)	(155)	(171)	71
Net loss	$ (45,837)	$ (59,049)	$ (233,977)	$ (308,510)
Basic and diluted net loss per share	$ (0.24)	$ (0.31)	$ (1.23)	$ (1.65)
Weighted average shares outstanding used in computing basic and diluted net loss per share	190,406	187,641	189,651	186,767

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

NEKTAR THERAPEUTICS
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss	$ (45,837)	$ (59,049)	$ (233,977)	$ (308,510)
Other comprehensive income (loss):				
Net unrealized gain (loss) on available-for-sale securities	196	490	1,527	(2,589)
Net foreign currency translation loss	(98)	(468)	(972)	(1,423)
Other comprehensive income (loss)	98	22	555	(4,012)
Comprehensive loss	$ (45,739)	$ (59,027)	$ (233,422)	$ (312,522)

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

NEKTAR THERAPEUTICS
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Shares	Par Value	Capital in Excess of Par Value	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2021	185,468	$ 19	$ 3,516,641	$ (4,157)	$ (2,832,995)	$ 679,508
Shares issued under equity compensation plans	806	—	188	—	—	188
Stock-based compensation	—	—	20,961	—	—	20,961
Comprehensive income (loss)	—	—	—	(2,375)	(90,393)	(92,768)
Balance at March 31, 2022	186,274	$ 19	$ 3,537,790	$ (6,532)	$ (2,923,388)	$ 607,889
Shares issued under equity compensation plans	1,131	—	467	—	—	467
Stock-based compensation	—	—	11,103	—	—	11,103
Comprehensive income (loss)	—	—		(1,659)	(159,068)	(160,727)
Balance at June 30, 2022	187,405	$ 19	$ 3,549,360	$ (8,191)	$ (3,082,456)	$ 458,732
Shares issued under equity compensation plans	549	—	—	—	—	—
Stock-based compensation	—	—	12,518	—	—	12,518
Comprehensive income (loss)	—	—		22	(59,049)	(59,027)
Balance at September 30, 2022	187,954	$ 19	$ 3,561,878	$ (8,169)	$ (3,141,505)	$ 412,223

	Common Shares	Par Value	Capital in Excess of Par Value	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2022	188,560	$ 19	$ 3,574,719	$ (6,907)	$ (3,201,193)	$ 366,638
Shares issued under equity compensation plans	675	—	—	—	—	—
Stock-based compensation	—	—	10,019	—	—	10,019
Comprehensive income (loss)	—	—	—	1,226	(137,018)	(135,792)
Balance at March 31, 2023	189,235	$ 19	$ 3,584,738	$ (5,681)	$ (3,338,211)	$ 240,865
Shares issued under equity compensation plans	884	—	18	—	—	18
Stock-based compensation	—	—	7,966	—	—	7,966
Comprehensive income (loss)	—	—	—	(769)	(51,122)	(51,891)
Balance at June 30, 2023	190,119	$ 19	$ 3,592,722	$ (6,450)	$ (3,389,333)	$ 196,958
Shares issued under equity compensation plans	652	—	—	—	—	—
Stock-based compensation	—	—	8,149	—	—	8,149
Comprehensive income (loss)	—	—	—	98	(45,837)	(45,739)
Balance at September 30, 2023	190,771	$ 19	$ 3,600,871	$ (6,352)	$ (3,435,170)	$ 159,368

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

NEKTAR THERAPEUTICS
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net loss	$ (233,977)	$ (308,510)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash royalty revenue related to the sales of future royalties	(50,860)	(52,167)
Non-cash interest expense on liabilities related to the sales of future royalties	18,467	21,710
Change in fair value of development derivative liability	—	(33,427)
Non-cash research and development expense	—	4,951
Stock-based compensation	26,134	44,582
Depreciation and amortization	6,163	9,848
Deferred income tax expense	(1,854)	—
Impairment of right-of-use assets and property, plant and equipment	36,628	58,521
Impairment of goodwill	76,501	—
Provision for inventory obsolescence	4,444	—
Amortization of premiums (discounts), net and other non-cash transactions	(12,137)	(372)
Changes in operating assets and liabilities:		
Accounts receivable	3,777	10,960
Inventory	(372)	(3,256)
Operating leases, net	(6,078)	(1,423)
Other assets	4,450	4,861
Accounts payable	(9,328)	(4,184)
Accrued expenses	(7,517)	1,602
Net cash used in operating activities	(145,559)	(246,304)
Cash flows from investing activities:		
Purchases of investments	(372,821)	(295,439)
Maturities of investments	494,385	626,424
Purchases of property, plant and equipment	(628)	(5,164)
Sale of property, plant and equipment	1,245	—
Net cash provided by investing activities	122,181	325,821
Cash flows from financing activities:		
Proceeds from shares issued under equity compensation plans	18	655
Cash receipts from development derivative liability	—	750
Net cash provided by financing activities	18	1,405
Effect of foreign exchange rates on cash and cash equivalents	54	(382)
Net increase (decrease) in cash and cash equivalents	(23,306)	80,540
Cash and cash equivalents at beginning of period	88,227	25,218
Cash and cash equivalents at end of period	$ 64,921	$ 105,758
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 2,656	$ —

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

NEKTAR THERAPEUTICS
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023
(Unaudited)

Note 1 — Organization and Summary of Significant Accounting Policies

Organization

We are a research-based biopharmaceutical company headquartered in San Francisco, California and incorporated in Delaware. We (individually or with a partner) are developing a pipeline of drug candidates that utilize our advanced polymer conjugate technology platforms, which are designed to enable the development of new molecular entities that target known mechanisms of action. Our research and development pipeline of new investigational drugs includes investigational treatments in the field of immunotherapy.

Our research and development activities have required significant ongoing investment to date and are expected to continue to require significant investment. As a result, we expect to continue to incur substantial losses and negative cash flows from operations in the future. We have financed our operations primarily through cash generated from licensing, collaboration and manufacturing agreements and financing transactions. As of September 30, 2023, we had approximately $372.7 million in cash and investments in marketable securities.

Results of Clinical Trial Programs and the Restructuring Plans

In March and April 2022, we announced that our registrational trials of bempegaldesleukin in combination with Opdivo® in metastatic melanoma, renal cell carcinoma and locally advanced or metastatic urothelial cancer under our Strategic Collaboration Agreement (BMS Collaboration Agreement) with Bristol-Myers Squibb Company (BMS) did not meet their primary endpoints. Based on these results, in April 2022, we announced our decisions to discontinue all development of bempegaldesleukin in combination with checkpoint inhibitors, including these trials, our registrational trial in adjuvant melanoma under our BMS Collaboration Agreement, and our Phase 2/3 study of bempegaldesleukin in combination with Keytruda® in squamous cell cancer of the head and neck under our Co-Development Agreement with SFJ Pharmaceuticals. See Note 5 for additional information regarding our BMS Collaboration Agreement and Co-Development Agreement with SFJ Pharmaceuticals. On September 6, 2023, BMS and we terminated the BMS Collaboration Agreement, however, we continue our efforts to wind down the bempegaldesleukin program following the same cost sharing provisions provided for in the BMS Collaboration Agreement.

In April 2022, we also announced new strategic reorganization and cost restructuring plans (together, the 2022 Restructuring Plan), pursuant to which we completed an approximate 70% reduction of our workforce during 2022 and sold our research facility in India in December 2022. We also decided to sublease certain of our leased premises in San Francisco, CA, including all of our office leased space on Third St. and portions of our office and laboratory space on Mission Bay Blvd. South.

On February 23, 2023, we announced the topline data from the Phase 2 study of rezpegaldesleukin in adult patients with systemic lupus erythematosus (SLE) (Phase 2 Lupus Study) under our collaboration agreement with Eli Lilly and Company (Lilly). Lilly subsequently notified us that it did not intend to advance rezpegaldesleukin into Phase 3 development for SLE. On April 27, 2023, we announced that we would be regaining the full rights to rezpegaldesleukin from Lilly, and the collaboration agreement has subsequently terminated. We have initiated a Phase 2b study of rezpegaldesleukin in patients with moderate-to-severe atopic dermatitis, and we are planning to initiate in late 2023 or in early 2024 a new Phase 2b study of rezpegaldesleukin in patients with alopecia areata. We will also explore other auto-immune indications for the development of rezpegaldesleukin.

On August 7, 2023, we announced that the interim efficacy data previously generated by Lilly for rezpegaldesleukin that were presented at the European Academy of Dermatology and Venereolgy (EADV) conference in September 2022 were incorrectly calculated by Lilly. The erroneous interim data were reported in connection with the Phase 1b study of

rezpegaldesleukin in adult patients with atopic dermatitis (Phase 1b AD Study) and the Phase 1b study of rezpegaldesleukin in adult patients with psoriasis. We reported the new and corrected data from the Phase 1b AD Study of rezpegaldesleukin.

On October 13, 2023, we announced final efficacy data from the Phase 1b AD Study at the 2023 EADV conference. The final data from the study demonstrated rezpegaldesleukin resulted in dose-dependent improvements in EASI, validated investigated global assessment (vIGA), body surface area (BSA), and itch numeric rating scale (NRS) over twelve weeks of treatment compared to placebo, which were sustained post-treatment over an additional thirty-six weeks.

Pursuant to plans approved by our Board of Directors (the Board) on March 29, 2023, we announced on April 17, 2023, a new strategic reprioritization and cost restructuring plan (the 2023 Restructuring Plan). Under the 2023 Restructuring Plan, we reduced our San Francisco-based workforce by approximately 60%, which was substantially completed by June 2023. In addition, under the 2023 Restructuring Plan, we decided to sublease our remaining office and laboratory space on Mission Bay Blvd. South which we had not planned to sublease pursuant to the 2022 Restructuring Plan.

We have incurred significant costs resulting from the 2022 and 2023 Restructuring Plans. See Note 6 for additional information on the effect on our Condensed Consolidated Financial Statements.

Basis of Presentation and Principles of Consolidation

Our Condensed Consolidated Financial Statements include the financial position, results of operations and cash flows of Nektar Therapeutics and our wholly-owned subsidiaries. We have eliminated all intercompany accounts and transactions in consolidation.

We prepared our Condensed Consolidated Financial Statements following the requirements of the Securities and Exchange Commission (SEC) for interim reporting. As permitted under those rules, we may condense or omit certain footnotes or other financial information that are normally required by U.S. generally accepted accounting principles (GAAP) for annual periods. In the opinion of management, these financial statements include all normal and recurring adjustments that we consider necessary for the fair presentation of our financial position and operating results.

Our Condensed Consolidated Financial Statements are denominated in U.S. dollars. Accordingly, changes in exchange rates between the applicable foreign currency and the U.S. dollar will affect the translation of each foreign subsidiary's financial results into U.S. dollars for purposes of reporting our consolidated financial results. We include translation gains and losses in accumulated other comprehensive loss in the stockholders' equity section of our Condensed Consolidated Balance Sheets.

Our comprehensive loss consists of our net loss plus our foreign currency translation gains and losses and unrealized gains and losses on available-for-sale securities. There were no significant reclassifications out of accumulated other comprehensive loss to the statements of operations during the three and nine months ended September 30, 2023 and 2022 except as otherwise disclosed below in Note 3.

The accompanying Condensed Consolidated Financial Statements are unaudited. The Condensed Consolidated Balance Sheet data as of December 31, 2022 was derived from the audited consolidated financial statements which are included in our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on February 28, 2023. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and the accompanying notes to those financial statements.

Revenue, expenses, assets, and liabilities can vary during each quarter of the year. The results and trends in these interim Condensed Consolidated Financial Statements are not necessarily indicative of the results to be expected for the full year or any other period.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and

disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accounting estimates and assumptions are inherently uncertain.

Actual results could differ materially from those estimates and assumptions. As appropriate, we assess estimates each period, update them to reflect current information, and generally reflect any changes in estimates in the period first identified.

Significant Concentrations

Our customers are primarily pharmaceutical companies that are located in the U.S. and Europe and with whom we have multi-year arrangements. Our accounts receivable balance contains billed and unbilled trade receivables from product sales, milestones (to the extent that they have been achieved and are due from the counterparty), and other contingent payments, as well as reimbursable costs from collaborative research and development agreements. We generally do not require collateral from our customers. We perform a regular review of our customers' credit risk and payment histories, including payments made after period end. Historically, we have not experienced credit losses from our accounts receivable. We have not recorded reserves for credit losses for the three and nine months ended September 30, 2023 and 2022, nor have recorded such an allowance as of September 30, 2023 or December 31, 2022.

We are dependent on our suppliers and contract manufacturers to provide raw materials and drugs of appropriate quality and reliability and to meet applicable contract and regulatory requirements. In certain cases, we rely on single sources of supply of one or more critical materials. Consequently, in the event that supplies are delayed or interrupted for any reason, our ability to develop and produce our drug candidates or our ability to meet our supply obligations could be significantly impaired, which could have a material adverse effect on our business, financial condition and results of operations.

For our available-for-sale securities, we have significant concentrations of issuers in the banking and financial services industries. While our investment policy requires that we only invest in highly-rated securities and limit our exposure to any single issuer, various factors may materially affect the financial condition of issuers. Additionally, pursuant to our investment policy, we may sell securities before maturity if the issuer's credit rating has been downgraded below our minimum credit rating requirements, which may result in a loss on the sale. Accordingly, if various factors result in downgrades below our minimum credit rating requirements and if we decide to sell these securities, we may experience losses on such sales.

Restructuring

We recognize restructuring charges related to reorganization plans that have been committed to by management when liabilities have been incurred. In connection with these activities, we record restructuring charges at fair value for:

- contractual or other employee termination benefits provided that the obligations result from services already rendered based on rights that vest or accumulated when the payment of benefits becomes probable and the amount can be reasonably estimated,
- one-time employee termination benefits on the communication date from management to the employees provided that management has committed to a plan of termination, the plan identifies the employees and their expected termination dates, the details of termination benefits are complete, and it is unlikely that changes to the plan will be made or the plan will be withdrawn,
- contract termination costs when we cancel the contract in accordance with its terms, and
- costs to be incurred over the remaining contract term without economic benefit to us at the cease-use date.

For one-time employee terminations benefits, we recognize the liability in full on the communication date when future services are not required or amortize the liability ratably over the service period, if required. The fair value of termination benefits reflects our estimates of expected utilization of certain Company-funded post-employment benefits.

See Note 6 for additional information on the severance expense that we recognized for employees terminated in connection with our reductions-in-force.

Impairment of Goodwill

Goodwill is assessed for impairment on an annual basis and whenever events and circumstances indicate that it may be impaired. Factors that may indicate potential impairment and trigger an impairment test include, but are not limited to, current economic, market and geopolitical conditions, including a significant, sustained decline in our stock price and market capitalization compared to the net book value; an adverse change in legal factors, business climate or operational performance of the business; or significant changes in the ability of the reporting unit to generate positive cash flows for our strategic business objectives. If the carrying value of the reporting unit, including goodwill, exceeds the reporting unit's fair value, we will recognize a goodwill impairment loss, and we will write down goodwill such that the carrying value of the reporting unit equals its fair value, provided that we cannot reduce goodwill below zero.

See Note 6 for additional information regarding the impairment charges we recorded in connection with our goodwill.

Long-Lived Asset Impairment

We assess the impairment of long-lived assets whenever events or changes in business circumstances indicate that the carrying amounts of the assets may not be fully recoverable. In the case of property, plant and equipment and right-of-use assets for our leases, we determine whether there has been an impairment by comparing the carrying value of the asset to the anticipated undiscounted net cash flows associated with the asset. If such cash flows are less than the carrying value, we write down the asset to its fair value, which may be measured as anticipated net cash flows associated with the asset, discounted at a rate that we believe a market participant would utilize to reflect the risks associated with the cash flows, such as credit risk.

See Note 6 for additional information regarding the impairment charges we recorded in connection with our leased facilities and certain property and equipment.

Net Loss per Share

For all periods presented in the Condensed Consolidated Statements of Operations, the net loss available to common stockholders is equal to the reported net loss. We calculate basic net loss per share based on the weighted-average number of common shares outstanding during the periods presented. For the three and nine months ended September 30, 2023 and 2022, basic and diluted net loss per share are the same due to our net losses and the requirement to exclude potentially dilutive securities which would have an antidilutive effect on net loss per share. We excluded shares underlying the weighted average outstanding stock options, restricted stock units (RSUs) and performance stock units (PSUs), as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Potentially dilutive securities	17,476	19,575	20,513	20,809

Note 2 — Cash and Investments in Marketable Securities

Cash and investments in marketable securities, including cash equivalents, are as follows (in thousands):

	Estimated Fair Value at	
	September 30, 2023	December 31, 2022
Cash and cash equivalents	$ 64,921	$ 88,227
Short-term investments	307,737	416,750
Total cash and investments in marketable securities	$ 372,658	$ 504,977

Our portfolio of cash and investments in marketable securities includes (in thousands):

		September 30, 2023			December 31, 2022
	Fair Value Hierarchy Level	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Fair Value
Corporate notes and bonds	2	$ 11,251	$ —	$ (20)	$ 11,231	$ 83,522
Corporate commercial paper	2	294,184	—	(229)	293,955	344,204
Available-for-sale investments		$ 305,435	$ —	$ (249)	$ 305,186	$ 427,726
Money market funds	1				46,858	47,054
Certificates of deposit	2				15,186	21,399
Cash	N/A				5,428	8,798
Total cash and investments in marketable securities					$ 372,658	$ 504,977

For the three and nine months ended September 30, 2023 and 2022, there were no transfers between Level 1 and Level 2 of the fair value hierarchy. At December 31, 2022, our gross unrealized losses totaled $1.8 million, and our gross unrealized gains were insignificant.

Note 3 — Condensed Consolidated Financial Statement Details

Inventory

Inventory consists of the following (in thousands):

	September 30, 2023	December 31, 2022
Raw materials	$ 1,918	$ 2,575
Work-in-process	12,291	10,749
Finished goods	921	5,878
Total inventory, net	$ 15,130	$ 19,202

We manufacture finished goods inventory upon receipt of firm purchase orders, and we may manufacture certain intermediate work-in-process materials and purchase raw materials based on purchase forecasts from our partners. We include direct materials, direct labor, and manufacturing overhead in inventory and determine cost on a first-in, first-out basis for raw materials and on a specific identification basis for work-in-process and finished goods. We value inventory at the lower of cost or net realizable value, and we write down defective or excess inventory to net realizable value based on historical experience or projected usage. We expense inventory related to our research and development activities as manufactured by us or when purchased.

During the three months ended September 30, 2023, we recorded a provision for inventory obsolescence of $3.7 million for certain production batches manufactured in our Huntsville, Alabama facility. As a result of our identification of a quality concern of a solvent obtained from a third party that was used in the manufacturing of these batches, the batches are currently being held from further processing pending an investigation and assessment. If the results of the investigation and assessment determine that the held batches can be used for further processing, we may release these batches to our partner.

Other Current Assets

Other current assets consist of the following (in thousands):

	September 30, 2023	December 31, 2022
Prepaid research and development expenses	$ 2,014	$ 7,398
Non-trade receivables and other	1,226	2,423
Other prepaid expenses	5,793	5,987
Total other current assets	$ 9,033	$ 15,808

Property, Plant and Equipment

Property, plant and equipment consists of the following (in thousands):

	September 30, 2023	December 31, 2022
Building and leasehold improvements	$ 42,641	$ 74,889
Computer equipment and computer software	24,586	26,205
Manufacturing equipment	25,352	25,052
Laboratory equipment	14,592	24,243
Furniture, fixtures and other	533	4,263
Depreciable property, plant and equipment at cost	107,704	154,652
Less: accumulated depreciation	(88,243)	(124,731)
Depreciable property, plant and equipment, net	19,461	29,921
Construction in process	488	2,530
Property, plant and equipment, net	$ 19,949	$ 32,451

As a result of the sustained decrease in the fair value of our single reporting unit during the three months ended March 31, 2023, plans to sublease all of our laboratory and office space, and the weakening sublease markets, we have recorded non-cash impairment charges of $6.1 million for property, plant and equipment for the nine months ended September 30, 2023, which we report in restructuring, impairment and costs of terminated program in our Condensed Consolidated Statement of Operations. See Note 6 for additional information.

Goodwill

The following is a reconciliation of the changes in our goodwill for the nine months ended September 30, 2023 (in thousands):

	Nine months ended September 30, 2023
Goodwill – beginning balance	$ 76,501
Impairment of goodwill	(76,501)
Goodwill – ending balance	$ —

As a result of the decrease in the fair value of our single reporting unit during the three months ended March 31, 2023, we recorded a non-cash goodwill impairment charge of $76.5 million, which we report as impairment of goodwill in our Condensed Consolidated Statement of Operations. We had previously recognized goodwill primarily from our acquisitions of Shearwater Corp. and Aerogen, Inc. in 2001 and 2005, respectively. See Note 6 for additional information.

Accrued Expenses

Accrued expenses consist of the following (in thousands):

	September 30, 2023	December 31, 2022
Accrued compensation	$ 11,477	$ 9,582
Accrued clinical trial expenses	4,236	12,262
Liability to collaboration partners	4,444	3,808
Accrued contract termination costs	2,624	3,902
Other accrued expenses	6,948	7,003
Total accrued expenses	$ 29,729	$ 36,557

Liabilities Related to the Sales of Future Royalties

In 2012 and 2020, we sold to RPI Finance Trust (RPI) and entities managed by Healthcare Royalty Management, LLC (collectively, HCR), respectively, our rights to receive royalties under our license and manufacturing agreements with certain pharmaceutical partners under the 2012 Purchase and Sale Agreement and the 2020 Purchase and Sale Agreement, respectively. We account for these transactions as debt and recognize non-cash royalty revenue and non-cash interest expense to amortize the proceeds over the lives of the respective arrangements. We periodically update our prospective non-cash interest rate based on our estimates of future royalties. As of September 30, 2023, our imputed interest rates for the arrangements with RPI and HCR were 10% and 20%, respectively.

The following is a reconciliation of the changes in our liabilities related to the sales of future royalties for the nine months ended September 30, 2023 (in thousands):

	Nine Months Ended September 30, 2023		
	2012 Purchase and Sale Agreement	2020 Purchase and Sale Agreement	Total
Liabilities related to the sales of future royalties, net – beginning balance	$ 55,167	$ 100,211	$ 155,378
Non-cash royalty revenue	(28,035)	(22,825)	(50,860)
Non-cash interest expense	3,551	14,916	18,467
Amortization of transaction costs	—	625	625
Liabilities related to the sales of future royalties, net – ending balance	$ 30,683	$ 92,927	$ 123,610

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in accumulated other comprehensive income (loss) by component (in thousands):

	Foreign currency translation	Available-for-sale securities	Accumulated Other Comprehensive Income
Balance at December 31, 2022	$ (5,131)	$ (1,776)	$ (6,907)
Foreign currency translation adjustments	139	—	139
Unrealized gain on available-for-sale securities	—	1,087	1,087
Balance at March 31, 2023	$ (4,992)	$ (689)	$ (5,681)
Foreign currency translation adjustments	13	—	13
Unrealized gain on available-for-sale securities	—	244	244
Reclassification adjustments to income	(1,026)	—	(1,026)
Balance at June 30, 2023	$ (6,005)	$ (445)	$ (6,450)
Foreign currency translation adjustments	(98)	—	(98)
Unrealized gain on available-for-sale securities	—	196	196
Balance at September 30, 2023	$ (6,103)	$ (249)	$ (6,352)

The reclassification from accumulated other comprehensive loss relates to the closure of one of our foreign subsidiaries and has been included within interest income and other income (expense), net in our Condensed Consolidated Statement of Operations for the nine months ended September 30, 2023.

Note 4 — Commitments and Contingencies

Legal Matters

From time to time, we are involved in lawsuits, arbitrations, claims, investigations and proceedings, consisting of intellectual property, commercial, employment and other matters, which arise in the ordinary course of business. We make provisions for liabilities when it is both probable that a liability has been incurred and the amount of the loss can be reasonably

estimated. Such provisions are reviewed at least quarterly and adjusted to reflect the impact of settlement negotiations, judicial and administrative rulings, advice of legal counsel, and other information and events pertaining to a particular case. Litigation is inherently unpredictable. If any unfavorable ruling were to occur in any specific period, there exists the possibility of a material adverse impact on the results of our operations for that period and on our cash flows and liquidity.

On August 7, 2023, we filed a complaint in the United States District Court for the Northern District of California against Lilly alleging, among other claims, breach of contract and breach of implied covenant of good faith and fair dealing, in connection with our collaboration with Lilly.

We have recorded no liability for any litigation matters in our Condensed Consolidated Balance Sheets at either September 30, 2023 or December 31, 2022.

Indemnifications in Connection with Commercial Agreements

As part of our collaboration agreements with our partners related to the license, development, manufacture and supply of drugs and PEGylation materials based on our proprietary technologies and drug candidates, we generally agree to defend, indemnify and hold harmless our partners from and against third party liabilities arising out of the agreement, including product liability (with respect to our activities) and infringement of intellectual property to the extent the intellectual property is developed by us and licensed to our partners. The term of these indemnification obligations is generally perpetual commencing after execution of the agreement. There is generally no limitation on the potential amount of future payments we could be required to make under these indemnification obligations.

From time to time, we enter into other strategic agreements such as divestitures and financing transactions pursuant to which we are required to make representations and warranties and undertake to perform or comply with certain covenants. For example, we made certain intellectual property representations in connection with our RPI and HCR transactions, however, the time limitation we have to indemnify RPI with respect to any breach of these intellectual property-based representations and warranties has passed. In the event it is determined that we breached certain of the representations and warranties or covenants made by us in any such agreements or certain express indemnification provisions are applicable, we could incur substantial indemnification liabilities depending on the timing, nature, and amount of any such claims.

To date, we have not incurred any costs to defend lawsuits or settle claims related to these indemnification obligations, nor any breaches of representations or warranties or covenants. Because the aggregate amount of any potential indemnification obligation is not a stated amount, we cannot reasonably estimate the overall maximum amount of any such obligations.

Note 5 — License and Collaboration Agreements

We have entered into various collaboration agreements including license agreements and collaborative research, development and commercialization agreements with various pharmaceutical and biotechnology companies. Under these collaboration arrangements, we are entitled to receive license fees, upfront payments, milestone and other contingent payments, royalties, sales milestone payments, and payments for the manufacture and supply of our proprietary PEGylation materials and/or reimbursement for research and development activities. We generally include our costs of performing these services in research and development expense, except for costs for product sales to our collaboration partners which we include in cost of goods sold. We analyze our agreements to determine whether we should account for the agreements within the scope of ASC 808 *Collaborative Arrangements*, and, if so, we analyze whether we should account for any elements under ASC 606 *Revenue from Contracts with Customers*.

***Eli Lilly and Company (Lilly)**: Rezpegaldesleukin (previously referred to as NKTR-358)*

On July 23, 2017, we entered into a worldwide license agreement (the Lilly Agreement) with Eli Lilly and Company (Lilly) to co-develop rezpegaldesleukin, a novel immunological drug candidate that we invented, pursuant to which we received an initial payment of $150.0 million and were eligible for up to $250.0 million in additional development and regulatory milestones. The Lilly Agreement provided that, during Phase 1B and Phase 2 development, we shared development costs wherein 75% of the costs were borne by Lilly and 25% of the costs were borne by us.

On February 23, 2023, we announced the topline data from the Phase 2 study (Phase 2 Lupus Study) of rezpegaldesleukin in adult patients with systemic lupus erythematosus (SLE). Although the Phase 2 Lupus Study did not meet its primary endpoint, patients who received the middle dose within the modified intent-to-treat population, defined as all patients who were randomized and received at least one dose of rezpegaldesleukin, demonstrated improvement in SLEDAI-2K score as compared to placebo. Nonetheless, Lilly notified us that it does not intend to advance rezpegaldesleukin into Phase 3 development for SLE.

On April 23, 2023, we received from Lilly a notice of at-will termination of the Lilly Agreement. On April 27, 2023, we announced that we would regain full rights to rezpegaldesleukin from Lilly, and the Lilly Agreement had subsequently terminated. Following the return of our rights to develop rezpegaldesleukin, we bear all costs of development. We have initiated a Phase 2b study of rezpegaldesleukin in patients with moderate-to-severe atopic dermatitis, and we are planning to initiate in late 2023 or early 2024 a new Phase 2b study of rezpegaldesleukin in patients with alopecia areata. We will also explore other auto-immune indications for the development of rezpegaldesleukin.

On August 7, 2023, we announced that the interim efficacy data previously generated by Lilly for rezpegaldesleukin that were presented at the EADV conference in September 2022 were incorrectly calculated by Lilly. The erroneous interim data were reported in connection with the Phase 1b study of rezpegaldesleukin in adult patients with atopic dermatitis (Phase 1b AD Study) and the Phase 1b study of rezpegaldesleukin in adult patients with psoriasis. We reported the new and corrected data from the Phase 1b AD Study of rezpegaldesleukin.

On October 13, 2023, we announced final efficacy data from the Phase 1b AD Study at the 2023 EADV conference. The final data from the study demonstrated rezpegaldesleukin resulted in dose-dependent improvements in EASI, validated investigated global assessment (vIGA), body surface area (BSA), and itch numeric rating scale (NRS) over twelve weeks of treatment compared to placebo, which were sustained post-treatment over an additional thirty-six weeks.

Bristol-Myers Squibb Company (BMS)*: Bempegaldesleukin, also referred to as NKTR-214*

Effective April 3, 2018, we entered into a Strategic Collaboration Agreement (the BMS Collaboration Agreement) and a Share Purchase Agreement with BMS. Pursuant to the BMS Collaboration Agreement, we and BMS jointly developed bempegaldesleukin in combination with BMS' Opdivo®. The parties share the internal and external development costs for bempegaldesleukin in combination regimens based on each party's relative ownership interest in the compounds included in the regimens. In accordance with the agreement, the parties share development costs for bempegaldesleukin in combination with Opdivo®, 67.5% of costs to BMS and 32.5% to Nektar. The parties also shared costs for the manufacturing and pre-commercial costs of bempegaldesleukin, 35% of the costs to BMS and 65% to Nektar.

Upon the effective date of the BMS Collaboration Agreement in April 2018, BMS paid us a non-refundable upfront cash payment of $1.0 billion and purchased 8,284,600 shares of our common stock pursuant to the Share Purchase Agreement for total additional cash consideration of $850.0 million. In 2020, we received additional non-refundable milestone payments of $50.0 million.

As discussed in Note 1, in April 2022, we announced that BMS and we decided to discontinue all development of bempegaldesleukin in combination with Opdivo®. On September 6, 2023, BMS and we terminated the BMS Collaboration Agreement, and pursuant to the surviving provisions of the BMS Collaboration Agreement, we and BMS continue our efforts to wind down the bempegaldesleukin program, and the cost sharing provisions continue to remain in effect as the parties wind down the studies.

We determined that the BMS Collaboration Agreement falls within the scope of ASC 808. Based on the cost sharing percentages described above, we recognized BMS' reimbursement of our expenses as a reduction of research and development expense and our reimbursement of BMS' expenses as research and development expense. As discussed in Note 6, beginning in the second quarter of 2022, we began reporting clinical trial, other third-party costs and employee costs for the wind down of the bempegaldesleukin program in restructuring, impairment and costs of terminated program. Accordingly, during the three and nine months ended September 30, 2022, we recorded $8.3 million and $16.7 million, as a reduction of such expense for the net reimbursement from BMS. During the nine months ended September 30, 2022, we recorded $24.9 million as a reduction of research and development expense for the net reimbursement from BMS recorded in the three months ended March 31, 2022. The net reimbursement payable to BMS for the three and nine months ended September 30, 2023 was not significant.

SFJ Pharmaceuticals

On February 12, 2021, we entered into a Co-Development Agreement (the SFJ Agreement) with SFJ Pharmaceuticals XII, L.P., a SFJ Pharmaceuticals Group company (SFJ), pursuant to which SFJ would pay up to $150.0 million to support a Phase 2/3 study of bempegaldesleukin in combination with Keytruda® (pembrolizumab) in metastatic or unresectable recurrent squamous cell carcinoma of the head and neck (the SCCHN Clinical Trial). SFJ had primary responsibility for the clinical trial management of the SCCHN Clinical Trial, and we were the sponsor of the SCCHN Clinical Trial. The SFJ Agreement provided for us to pay up to $637.5 million in Success Payments in the event of FDA approval of bempegaldesleukin in up to three indications.

We accounted for the SFJ Agreement as a derivative liability, which we remeasured to fair value at each reporting date. We recorded increases to the liability for non-cash research and development expense as SFJ conducted the SCCHN Clinical Trial and for cash receipts from SFJ to us to support our internal costs of conducting the trial. We presented the gain (loss) from the remeasurement as change in fair value of development derivative liability in our Condensed Consolidated Statements of Operations.

At March 31, 2022, due to the negative results of the metastatic melanoma trial and initial discussions with SFJ, we concluded that it was remote that SFJ and we would continue the SCCHN Clinical Trial. Accordingly, the fair value of the development derivative liability was reduced to zero as of March 31, 2022, and we recognized a corresponding gain in change in fair value of development derivative liability. In April 2022, we announced that SFJ and we agreed to discontinue the SCCHN Clinical Trial. Accordingly, SFJ will not be entitled to any Success Payments, and SFJ has the responsibility to wind down the SCCHN Clinical Trial at its sole cost. SFJ has no right to seek reimbursement from us for any costs incurred for the SCCHN Clinical Trial.

The following table presents the change in the derivative liability for the nine months ended September 30, 2022:

	Fair Value Hierarchy Level	Nine Months Ended September 30, 2022
Fair value at beginning of period	3	$ 27,726
Non-cash research and development expense		4,951
Cash receipts from SFJ		750
Change in the fair value of development derivative liability		(33,427)
Fair value at end of period	3	$ —

Other

We have other collaboration agreements that have resulted in commercialized products for our collaborations partners. Under these agreements, we may sell our proprietary PEGylation materials for use in these products, and we are entitled to receive royalties based on net sales of these products as well as sales milestones. As discussed in Note 3, we have sold our rights to receive royalties from these other collaboration agreements. Our non-cash royalty revenue, which totaled $18.3 million and $52.2 million for the three and nine months ended September 30, 2022, respectively, and totaled $18.2 million and $50.9 million for three and nine months ended September 30, 2023, respectively, represents revenue for granting licenses which we had satisfied in prior periods.

Additionally, we have a collaboration agreement for a product under development, under which we are entitled to up to a total of $40.0 million of regulatory milestones, as well as sales milestones upon achievement of annual sales targets and royalties based on net sales of commercialized products, if any. However, given the current phase of development of the potential product under this collaboration agreement, we cannot estimate the probability or timing of achieving these milestones, and, therefore, have excluded all development milestones from the transaction price for this agreement.

Note 6 — Restructuring, Impairment and Costs of Terminated Program, and Impairment of Goodwill

Restructuring, Impairment and Costs of Terminated Program

In connection with our 2022 and 2023 Restructuring Plans, we report the following costs in restructuring, impairment and costs of terminated program:

- Clinical trial expense, other third-party costs and employee costs for the wind down of the bempegaldesleukin program, net of the reimbursement from BMS, initiated in 2022;
- Severance and related benefit costs pursuant to the 2022 and 2023 Restructuring Plans;
- Non-cash impairment of right-of-use assets and property, plant and equipment; and
- Contract termination and other costs associated with these plans.

In prior periods through March 31, 2022, we reported the clinical trial costs, other third-party costs and employee costs related to the bempegaldesleukin program primarily in research and development expense. Beginning in the second quarter of 2022, we began reporting clinical trial, other third-party costs and employee costs for the wind down of the bempegaldesleukin program in restructuring, impairment and costs of terminated program.

2022 Restructuring Plan

As discussed in Note 1, because our registrational trials in bempegaldesleukin did not meet their primary endpoints, we decided to discontinue all development of bempegaldesleukin and wind down the clinical trials studying bempegaldesleukin. In April 2022, we announced the 2022 Restructuring Plan pursuant to which we completed an approximate 70% reduction of our workforce during 2022. We also sold our research facility in India in December 2022 and decided to sublease certain of our leased premises in San Francisco, CA, including all of our office leased space on Third St. and portions of our office and laboratory space on Mission Bay Blvd. South.

Restructuring, impairment and other costs of terminated program pertaining to the 2022 Restructuring Plan includes the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Clinical trial expense, other third-party and employee costs for the wind down of the bempegaldesleukin program	$ 652	$ 8,530	$ 3,606	$ 28,938
Severance and benefits expense	—	2,077	—	29,827
Impairment of right-of-use assets and property, plant and equipment	1,467	1,200	14,728	58,521
Contract termination and other restructuring costs	—	5,023	878	7,064
Restructuring, impairment and costs of terminated program	$ 2,119	$ 16,830	$ 19,212	$ 124,350

The clinical trial expense, other third-party and employee costs for the wind down of the bempegaldesleukin program for the three and nine months ended September 30, 2022 includes reductions of $8.3 million and $16.7 million, respectively, for the net reimbursement from BMS. The net reimbursement payable to BMS for the three and nine months ended September 30, 2023 was not significant.

Non-cash impairment charges of lease assets pertaining to the 2022 Restructuring Plan include the following (in thousands):

	Three-months Ended						
Sublease Spaces	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	Total
Mission Bay Blvd. South	$ 3,000	$ 1,200	$ 361	$ —	$ 7,055	$ 1,467	$ 13,083
Third St	49,200	—	12,000	—	6,200	—	67,400
Total impairment of lease assets	$ 52,200	$ 1,200	$ 12,361	$ —	$ 13,255	$ 1,467	$ 80,483

- The non-cash impairment charges for the three months ended June 30, 2022 for our office lease on Third St. reflects our initial estimates of sublease income. As the San Francisco office lease market has continued to deteriorate over the past year, we have recognized additional non-cash impairment charges for the Third St. space in the three months ended December 31, 2022, and in the three months ended June 30, 2023.
- The non-cash impairment charges for the three months ended June 30, 2022 for our office and laboratory space on Mission Bay Blvd. South reflects our initial estimates of sublease income. As the life sciences lease market has deteriorated during 2023, we recorded additional non-cash impairment charges in the three months ended June 30, 2023 and in the three months ended September 30, 2023.

Through September 30, 2023, we have recognized $11.8 million cumulatively for contract termination and other costs for the 2022 Restructuring Plan.

2023 Restructuring Plan

As discussed in Note 1, pursuant to plans approved by our Board in March 2023, we announced the 2023 Restructuring Plan to further reduce our San Francisco-based workforce by approximately 60%, which was substantially completed by June 30, 2023. In addition, under the 2023 Restructuring Plan, we decided to sublease our remaining office and laboratory space on Mission Bay Blvd. South, which we had not planned to sublease pursuant to the 2022 Restructuring Plan.

Restructuring, impairment and other costs of terminated program pertaining to the 2023 Restructuring Plan includes the following (in thousands):

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Severance and benefit expense	$ 535	$ 7,961
Impairment of right-of-use assets and property, plant and equipment	8,706	21,900
Contract termination and other restructuring costs	—	34
Restructuring, impairment and costs of terminated program	$ 9,241	$ 29,895

As further described below, the impairment charge in the nine months ended September 30, 2023, includes $20.6 million for the impairment of our remaining office and laboratory space on Mission Bay Blvd. South that we are currently seeking to sublease. We recorded an impairment charge of $11.5 million in the three months ended March 31, 2023, based on our initial estimates of sublease income. As the life sciences lease market has deteriorated during 2023, including a significant increase in available sublease space in San Francisco, California, we recorded an additional impairment charge of $9.1 million in the three months ended September 30, 2023 for this space.

Severance and Benefit Expense

Employees affected by the reduction in force under the 2022 and 2023 Restructuring Plans are entitled to receive severance payments and certain Company funded benefits. The restructuring charges are recorded at fair value.

For the 2022 Restructuring Plan, we recognized severance and benefit expense in full for employees who had no requirements for future service upon approval of the 2022 Restructuring Plan by the Board in April 2022. We recognized severance and benefit expense for employees who were required to render services to receive their severance and benefits ratably over the service period. This service period began on the communication date in April 2022 and was completed for all employees during 2022. We recognized $30.9 million in total severance and benefit expense during 2022 and paid the remaining liability of $3.3 million in January 2023.

For the 2023 Restructuring Plan, we recognized a liability of $5.5 million of severance and benefit expense as of March 31, 2023, reflecting severance and benefits which the employees had vested into and for which payment was probable and reasonably estimable as of March 31, 2023. During the three months ended June 30, 2023, we recognized an additional $1.9 million of severance and benefit expense. We do not expect to recognize significant severance expense for the remainder of 2023.

The following table provides details regarding the severance and benefit expense for the three and nine months ended September 30, 2023 pursuant to the 2023 Restructuring Plan and a reconciliation of the severance and benefits liability for the three and nine months ended September 30, 2023 pursuant to the 2022 and 2023 Restructuring Plans, which we report within accrued expenses on our Condensed Consolidated Balance Sheet (in thousands):

	Nine Months Ended September 30, 2023		
	2023 Restructuring Plan	2022 Restructuring Plan	Total
Liability balance as of December 31, 2022	$ —	$ 3,299	$ 3,299
Expense recognized during the period	5,483	—	5,483
Payments during the period	—	(3,299)	(3,299)
Liability balance as of March 31, 2023	$ 5,483	$ —	$ 5,483
Expense recognized during the period	1,943	—	1,943
Payments during the period	(6,624)	—	(6,624)
Liability balance as of June 30, 2023	$ 802	$ —	$ 802
Expense recognized during the period	535	—	535
Payments during the period	(887)	—	(887)
Liability balance as of September 30, 2023	$ 450	$ —	$ 450

Impairment of Long-Lived Assets and Goodwill

In connection with our 2022 Restructuring Plan, we consolidated our operations by exiting all of the office space from our leased facility at 360 Third St. and certain laboratory and office spaces at our leased facility at 455 Mission Bay Blvd. South, both in San Francisco, CA. We have sought to sublease these spaces. We also terminated all research and development activities at our owned facility in India, which we sold in December 2022.

As a result of these plans, we reviewed each of our excess spaces for impairment during the three months ended June 30, 2022. As part of our impairment evaluation of each excess space, we separately compared the estimated undiscounted income for each sublease to the net book value of the related long-term assets, which include right-of-use assets and certain property, plant

and equipment, primarily for leasehold improvements (collectively, sublease assets). We estimated sublease income using market participant assumptions, including the length of time to enter into a sublease and sublease payments, tenant improvement allowances and broker commissions, which we evaluated using current real estate trends and market conditions. If such income exceeded the net book value of the related assets, we did not record an impairment charge. Otherwise, we recorded an impairment charge by reducing the net book value of the assets to their estimated fair value, which we determined by discounting the estimated sublease income using the estimated borrowing rate of a market participant subtenant, which we estimated to be 6.4%. Additionally, we recorded an impairment expense primarily for software which we planned to abandon and certain excess equipment based on the estimated income from selling such assets. We recorded impairment charges as follows (in thousands):

	Nine months ended September 30, 2022		
	Property, Plant and Equipment	Operating Lease Right-of-Use Assets	Total
Net book value of impaired facilities before write-off	$ 16,348	$ 74,191	$ 90,539
Less: Fair value of impaired facilities — Level 3 of Fair Value Hierarchy	(6,976)	(30,162)	(37,138)
Impairment expense for facilities	9,372	44,029	53,401
Impairment of other property, plant and equipment	5,120	—	5,120
Total impairment of right-of-use assets and property, plant and equipment	$ 14,492	$ 44,029	$ 58,521

In the three months ended September 30, 2022, we recorded an impairment charge of $1.2 million for a right-of-use asset based on changes to sublease negotiations during such period.

During the three months ended March 31, 2023, our stock price and resulting market capitalization experienced a significant, sustained decline. Accordingly, we assessed our long-lived assets, including our property, plant and equipment, right-of-use assets and goodwill, for impairment.

We had previously recognized goodwill primarily from our acquisitions of Shearwater Corp. and Aerogen, Inc. in 2001 and 2005, respectively. Accordingly, in accordance with ASC 350-20 *Goodwill* and ASC 820-10 *Fair Value Measurement*, we measured the fair value of our reporting unit utilizing both income and market approaches for our entity-wide asset impairment analysis. Based on this analysis, we wrote off all of our goodwill, resulting in a non-cash impairment charge of $76.5 million during the three months ended March 31, 2023, which we reported as impairment of goodwill in our Condensed Consolidated Statements of Operations for the nine months ended September 30, 2023.

As part of our long-lived asset impairment analysis, we first assessed which long-lived assets have identifiable cash flows that are largely independent of the cash flows of other groups of assets.

We concluded that the long-lived assets associated with our leased spaces we had previously decided to sublease under our 2022 Restructuring Plan continue to have cash flows that are independent of our entity-wide group. We concluded that these sublease assets, for which we had recognized impairment charges during 2022, were recoverable based on estimated sublease income, and therefore we did not record any impairment charges for these long-lived assets for the three months ended March 31, 2023.

During the three months ended March 31, 2023, we next evaluated our remaining long-lived assets for impairment and performed a recoverability test using the undiscounted cash flows approach. We concluded that our net assets were not recoverable within the remaining useful lives. Accordingly, we estimated the fair value of each asset or asset group based on discounted future cash flows of the asset or asset group using a discount rate commensurate with the related risk. For the operating lease asset related to our Mission Bay facility, we estimated the fair value based on market participant assumptions related to sublease income as described above, including the length of time to enter into a sublease and sublease payments, tenant improvement allowances and broker commissions. We discounted the sublease income at rate of 7.9%, reflecting the estimated borrowing rate of a market participant subtenant. As a result of this analysis, we recorded a non-cash impairment charge of $11.5 million. We also recorded an additional non-cash impairment charge of $1.7 million for certain laboratory equipment in the three

months ended Mach 31, 2023, which we sold in the three months ended September 30, 2023 and recognized an immaterial gain, resulting in a net impairment of $1.3 million for the nine months ended September 30, 2023.

During the three months ended June 30, 2023, due to the weakening life sciences sublease market, we recorded a non-cash impairment charge of $7.1 million for our lease assets at our Mission Bay facility, and due to the continued depression of the office lease market, we recorded an impairment charge of $6.2 million for our lease assets at our Third. St. facility, based on market participant assumptions related to sublease income, discounted at a rate of 8.5%. We had decided to sublease both of these spaces under the 2022 Restructuring Plan.

During the three months ended September 30, 2023, due to the continued weakening of the life sciences sublease market, we recorded additional non-cash impairment charges of $10.6 million for our lease assets at our Mission Bay facility based on market participant assumptions related to sublease income, discounted at a rate of 8.7%.

We report the aggregate non-cash impairment charge of $10.2 million and $36.6 million for the three and nine months ended September 30, 2023, respectively, in restructuring, impairment and costs of terminated program in our Condensed Consolidated Statement of Operations. The following table presents a reconciliation of the non-cash impairment charges we recorded for these long-lived assets for the three and nine months ended September 30, 2023 (in thousands):

	Three Months Ended September 30, 2023		
	Property, Plant and Equipment	Operating Lease Right-of-Use Assets	Total
Net book value of impaired facilities before write-off	$ 3,050	$ 18,830	$ 21,880
Less: Fair value of impaired facilities — Level 3 of Fair Value Hierarchy	(1,650)	(9,663)	(11,313)
Total impairment of right-of-use assets and property, plant and equipment	$ 1,400	$ 9,167	$ 10,567
(Gain) on sale or disposal of property, plant and equipment, net	(394)	—	(394)
Total impairment of right-of-use assets and property, plant and equipment	$ 1,006	$ 9,167	$ 10,173

	Nine Months Ended September 30, 2023		
	Property, Plant and Equipment	Operating Lease Right-of-Use Assets	Total
Net book value of impaired facilities before write-off	$ 10,257	$ 63,656	$ 73,913
Less: Fair value of impaired facilities — Level 3 of Fair Value Hierarchy	(5,486)	(33,098)	(38,584)
Impairment expense for facilities	4,771	30,558	35,329
Impairment of other property, plant and equipment	1,299	—	1,299
Total impairment of right-of-use assets and property, plant and equipment	$ 6,070	$ 30,558	$ 36,628

Note 7 — Stock-Based Compensation

On June 8, 2023, the stockholders of Nektar approved an amendment to the Amended and Restated 2017 Performance Incentive Plan to increase the aggregate number of shares of Common Stock authorized for issuance thereunder by 12,000,000 shares.

We recognized total stock-based compensation expense in our Condensed Consolidated Statements of Operations as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of goods sold	$ 841	$ 720	$ 2,454	$ 2,037
Research and development	3,202	5,422	11,107	22,215
General and administrative	4,106	5,369	12,573	18,401
Restructuring, impairment and other costs of terminated program	—	1,007	—	1,929
Total stock-based compensation	$ 8,149	$ 12,518	$ 26,134	$ 44,582

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

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed here. Factors that could cause or contribute to such differences include, but are not limited to those discussed in this section as well as factors described in Part II, Item 1A "Risk Factors."

Overview

Strategic Direction of Our Business

Nektar Therapeutics is a clinical stage, research-based drug discovery biopharmaceutical company focused on discovering and developing innovative medicines in the field of immunotherapy. Within this growing field, we direct our efforts toward creating new immunomodulatory agents that selectively induce, amplify, attenuate or prevent immune responses in order to achieve desired therapeutic outcomes. We apply our deep understanding of immunology and unparalleled expertise in polymer chemistry to create innovative drug candidates and use our drug development expertise to advance these molecules through preclinical and clinical development. Our pipeline of clinical-stage immunomodulatory agents targets the treatment of autoimmune diseases (e.g. rezpegaldesleukin) and cancer (e.g. NKTR-255). We continue to make significant investments in building and advancing our pipeline of drug candidates as we believe that this is the best strategy to build long-term shareholder value.

In April of 2022 and 2023, we implemented the 2022 Restructuring Plan and 2023 Restructuring Plan, respectively, which both prioritized key research and development efforts that will be most impactful to the Company's future. Central to both plans is the continuation of clinical development of both rezpegaldesleukin (previously referred to as NKTR-358) and NKTR-255 programs as well as our core research programs in immunology that include a separate tumor necrosis factor receptor 2 agonist antibody.

Autoimmune and inflammatory diseases cause the immune system to mistakenly attack and damage healthy cells in a person's body. A failure of the body's self-tolerance mechanisms enables the formation of the pathogenic T lymphocytes that conduct this attack. Our drug candidate rezpegaldesleukin is a potential first-in-class resolution therapeutic that may address this underlying immune system imbalance in people with autoimmune disorders and inflammatory diseases. It is designed to target the interleukin-2 (IL-2) receptor complex in the body in order to stimulate proliferation of powerful inhibitory immune cells known as regulatory T cells (Treg cells). By activating these cells, rezpegaldesleukin may act to bring the immune system back into balance. Rezpegaldesleukin is being developed as a once or twice monthly self-administered injection for a number of autoimmune disorders and inflammatory diseases.

In 2017, we entered into a worldwide license agreement with Eli Lilly and Company (Lilly) to develop and commercialize rezpegaldesleukin, pursuant to which we received an initial payment of $150.0 million and were eligible for up to an additional $250.0 million for development and regulatory milestones. Under the collaboration, we completed our responsibilities for Phase 1 clinical development and certain drug product development and supply activities. In a Phase 2 study of rezpegaldesleukin in adult patients with systemic lupus erythematosus (SLE) carried out by Lilly, although the study did not meet its primary endpoint, patients who received the middle dose within the modified intent-to-treat population, defined as all patients who were randomized and received at least one dose of rezpegaldesleukin, demonstrated improvement in SLEDAI-2K score as compared to placebo. Additionally, clinically meaningful improvements at the mid-dose level were observed in the British Isles Lupus Assessment Group (BILAG)-Based Composite Lupus Assessment (BICLA) response and Lupus Low Disease Activity State (LLDAS) as compared to placebo, and exploratory biomarker data also showed that rezpegaldesleukin led to dose-dependent proliferation of Treg cells, which was consistent with prior studies. Despite these results, Lilly subsequently notified us that it did not intend to advance rezpegaldesleukin into Phase 3 development for SLE.

On April 27, 2023, we announced we would be regaining full rights to rezpegaldesleukin from Lilly, and the collaboration agreement subsequently terminated. Following the return of our rights to develop rezpegaldesleukin, we bear all costs of development. We have initiated a Phase 2b study of rezpegaldesleukin in patients with moderate-to-severe atopic dermatitis, and we are planning to initiate in late 2023 or early 2024 a new Phase 2b study of rezpegaldesleukin in patients with alopecia areata. We will also explore other auto-immune indications for the development of rezpegaldesleukin.

On August 7, 2023, we announced that the efficacy data previously generated by Lilly for rezpegaldesleukin that were presented at the European Academy of Dermatology and Venereolgy conference in September 2022 were incorrectly calculated by Lilly. The erroneous data were reported in connection with the Phase 1b study of rezpegaldesleukin in adult patients with atopic dermatitis (Phase 1b AD Study) and the Phase 1b study of rezpegaldesleukin in adult patients with psoriasis. We reported that the new and corrected data from the Phase 1b AD Study demonstrate that 12 weeks of rezpegaldesleukin at the 24 µg/kg dose resulted in a mean EASI score improvement of 83% with a p-value of 0.002 as compared to placebo and an EASI-75 response rate of 41%.

In oncology, we focus on developing medicines that target biological pathways that stimulate and sustain the body's immune response in order to fight cancer. Our drug candidate NKTR-255 is an investigational biologic that is designed to target the IL-15 pathway in order to activate the body's innate and adaptive immunity. Through optimal engagement of the IL-15 receptor complex, NKTR-255 is designed to enhance functional NK cell populations and formation of long-term immunological memory, which may lead to sustained and durable anti-tumor immune response. Preclinical findings suggest NKTR-255 has the potential to synergistically combine with antibody-dependent cellular cytotoxicity molecules as well as to enhance CAR-T therapies. Our development strategy for NKTR-255 is focused on three therapeutic areas: to enhance response to antibody-dependent cellular cytotoxicity (ADCC) mediated therapies by restoring NK cells, to improve CAR-T cell persistency in cellular therapies and to augment response to checkpoint inhibitors.

We are studying NKTR-255 in ADCC combinations in both liquid and solid tumors. We have completed a Phase 1 dose escalation and expansion study of NKTR-255 in patients with relapsed or refractory non-Hodgkin lymphoma or multiple myeloma where patients are treated with NKTR-255 as a monotherapy or NKTR-255 in combination with daratumumab. We have also completed Phase 1 portion of a Phase 1/2 study of NKTR-255 in patients with relapsed or refractory head and neck squamous cell carcinoma or colorectal cancer where patients are treated with NKTR-255 in combination with cetuximab. In addition, we initiated a Nektar-sponsored Phase 2/3 study to evaluate NKTR-255 following Yescarta® or Breyanzi® CD19 CAR-T cell therapy in patients with large B-cell lymphoma. Two ongoing investigator sponsored trials are evaluating NKTR-255 following treatment with a CAR-T cell therapy. These studies include a Phase 1 study evaluating NKTR-255 in combination with CD19 CAR-T cell therapy in patients with relapsed or refractory large B-cell lymphoma and a Phase 1 study evaluating NKTR-255 in combination with CD19/22 CAR-T cell therapy in patients with relapsed or refractory B-cell acute lymphoblastic leukemia. A third investigator sponsored study is evaluating NKTR-255 in combination with darvulamab in patients with unresectable Stage 3 non-small lung cancer who have received chemoradiation. We are continuing our oncology clinical collaboration with Merck KGaA to evaluate the maintenance regimen of NKTR-255 in combination with avelumab, a PD-L1 inhibitor, in patients with locally advanced or metastatic urothelial carcinoma in the Phase II JAVELIN Bladder Medley study. We announced on September 27, 2023, that we had entered into a new clinical study collaboration with Cellular Biomedicine Group Inc. ("CBMG") to study NKTR-255 in combination with CBMG's C-TIL051, a tumor-infiltrating lymphocyte (TIL) therapy, in advanced non-small cell lung cancer (NSCLC) patients that are relapsed or refractory to anti-PD-1 therapy. Under the collaboration, we will contribute NKTR-255 and CBMG will add NKTR-255 to its ongoing CBMG-sponsored Phase 1 clinical trial.

We continue to advance our most promising research drug candidates into preclinical development with the objective of advancing these early-stage research programs to human clinical studies over the next several years. Our lead research program is focused on developing a tumor necrosis factor (TNF) receptor 2 (TNFR2) agonist antibody. TNFR2 signaling drives immunoregulatory function and can provide a direct protective effect for tissue cells. Our focus is on TNFR2 antibody candidates that show selective Treg cell binding and signaling profiles that may be developed for treatment of autoimmune diseases. In connection with this program, we are targeting IND readiness for a lead TNFR2 agonist antibody candidate by the end of 2023 in order to submit an Investigational New Drug (IND) filing for the first clinical study in 2024.

We have historically derived substantially all of our revenue and significant amounts of research and development operating capital from our collaboration agreements. In addition to payments received under the Lilly Agreement, we have received upfront and milestone payments and cost-sharing reimbursements under a number of other previous collaboration agreements, and certain of our collaboration partners, including Lilly, have borne substantial costs of developing our drug candidates. Following the return of our rights to develop rezpegaldesleukin from Lilly, however, unless we enter into a new

collaboration agreement, we will bear all the costs of developing our pipeline drug candidates, other than the Phase II JAVELIN Bladder Medley study under which we pay our share of the study's costs as a doublet therapy.

Several of our historical collaboration agreements have resulted in approved drugs, for which we may continue to manufacture the polymer reagents used in the production of the drug products and may be entitled to royalties for net sales of these approved drugs. However, we have sold the majority of our rights to receive royalties under these arrangements, including:

- 2012 Purchase and Sale Agreement: In 2012, we sold all of our rights to receive royalties from CIMZIA® (for the treatment of Crohn's disease and other autoimmune indications) and MIRCERA® (for the treatment of anemia associated with chronic kidney disease) under our collaborations with UCB Pharma and F. Hoffmann-La Roche Ltd, respectively, to RPI Finance Trust (RPI), an affiliate of Royalty Pharma for $124.0 million.

- 2020 Purchase and Sale Agreement: In December 2020, we sold our rights, subject to a cap, to receive royalties from MOVANTIK® / MOVENTIG® (for the treatment of opioid-induced constipation), ADYNOVATE® / ADYNOVI® (a half-life extension product of Factor VIII) and other hemophilia products, under our arrangements with AstraZeneca AB, Baxalta, Inc. (a wholly owned-subsidiary of Takeda Pharmaceutical Company Ltd.), and Novo Nordisk A/S, respectively, for $150.0 million to entities managed by HealthCare Royalty Management (HCR) under a capped sale arrangement, such that all future royalties return to Nektar if HCR receives $210.0 million in royalties by December 31, 2025 (the 2025 Threshold) or $240.0 million if the 2025 Threshold is not met.

Our business is subject to significant risks, including the risks inherent in our development efforts, the results of our clinical trials, our dependence on the marketing efforts by our collaboration partners, uncertainties associated with obtaining and enforcing patents, the lengthy and expensive regulatory approval process and competition from other products. Drug research and development is an inherently uncertain process with a high risk of failure at every stage prior to approval. The timing and outcome of clinical trial results are extremely difficult to predict. Clinical development successes and failures can have a disproportionately positive or negative impact on our scientific and medical prospects, financial condition and prospects, results of operations and market opportunities. We continue to actively monitor the COVID-19 pandemic and applicable government recommendations in light of new developments. If the COVID-19 pandemic becomes more severe, our business operations and corresponding financial results could suffer, which could have a material adverse impact on our prospects for growth. For a discussion of these and some of the other key risks and uncertainties affecting our business, see Item 1A "Risk Factors."

Results of Operations

The following sets forth our Condensed Consolidated Statements of Operations data for each of the periods indicated *(in thousands, except percentages).*

	Three Months Ended September 30, 2023	2022	$ Change 2023 vs. 2022	% Change 2023 vs. 2022
Revenue:				
Product sales	$ 5,822	$ 4,969	$ 853	17%
Non-cash royalty revenue related to sales of future royalties	18,167	18,342	(175)	(1)%
License, collaboration and other revenue	155	314	(159)	(51)%
Total revenue	24,144	23,625	519	2%
Operating costs and expenses:				
Cost of goods sold	12,431	4,972	7,459	150%
Research and development	24,070	33,590	(9,520)	(28)%
General and administrative	21,147	22,534	(1,387)	(6)%
Restructuring, impairment and costs of terminated program	11,360	16,830	(5,470)	(33)%
Total operating costs and expenses	69,008	77,926	(8,918)	(11)%
Loss from operations	(44,864)	(54,301)	9,437	(17)%
Non-operating income (expense):				
Non-cash interest expense on liability related to sale of future royalties	(5,910)	(6,953)	1,043	(15)%
Interest income and other income (expense), net	4,876	2,050	2,826	138%
Total non-operating income (expense), net	(1,034)	(4,903)	3,869	(79)%
Loss before provision for income taxes	(45,898)	(59,204)	13,306	(22)%
Provision (benefit) for income taxes	(61)	(155)	94	(61)%
Net loss	$ (45,837)	$ (59,049)	$ 13,212	(22)%

	Nine Months Ended September 30, 2023	2022	$ Change 2023 vs. 2022	% Change 2023 vs. 2022
Revenue:				
Product sales	$ 15,198	$ 15,969	$ (771)	(5)%
Non-cash royalty revenue related to sales of future royalties	50,860	52,167	(1,307)	(3)%
License, collaboration and other revenue	179	1,896	(1,717)	(91)%
Total revenue	66,237	70,032	(3,795)	(5)%
Operating costs and expenses:				
Cost of goods sold	26,485	15,402	11,083	72%
Research and development	84,220	183,583	(99,363)	(54)%
General and administrative	60,097	70,394	(10,297)	(15)%
Restructuring, impairment and costs of terminated program	49,107	124,350	(75,243)	(61)%
Impairment of goodwill	76,501	—	76,501	n/m
Total operating costs and expenses	296,410	393,729	(97,319)	(25)%
Loss from operations	(230,173)	(323,697)	93,524	(29)%
Non-operating income (expense):				
Change in fair value of development derivative liability	—	33,427	(33,427)	(100)%
Non-cash interest expense on liability related to sale of future royalties	(18,467)	(21,710)	3,243	(15)%
Interest income and other income (expense), net	14,492	3,541	10,951	309%
Total non-operating income (expense), net	(3,975)	15,258	(19,233)	(126)%
Loss before provision for income taxes	(234,148)	(308,439)	74,291	(24)%
Provision (benefit) for income taxes	(171)	71	(242)	(341)%
Net loss	$ (233,977)	$ (308,510)	$ 74,533	(24)%

n/m - not meaningful

Revenue

Our revenue as historically been derived from our collaboration agreements, under which we may receive product sales revenue, royalties, and license fees, as well as development and sales milestones and other contingent payments. We recognize revenue when we transfer promised goods or services to our collaboration partners.

- **Product sales and Cost of goods sold**: Product sales include predominantly fixed price manufacturing and supply agreements with our collaboration partners and are the result of firm purchase orders from those partners. Accordingly, the revenue recognized in a given period is based solely on the demand and requirements of our collaboration partners and is not ratable throughout the year. We have a manufacturing arrangement with a partner that includes a fixed price which is less than the fully burdened manufacturing cost for the reagent, and we expect this situation to continue with this partner in future years. As a result of this arrangement, gross margin was negative for the three and nine months ended September 30, 2023.

  Following the termination of our bempegaldesleukin program, our manufacturing facility has decreased support of our research and development programs. Consequently, we have decreased the allocation of our manufacturing facility costs to research and development expense, which has increased our inventory cost and increased our negative gross margin. We recognized negative gross margin for the full year 2022 and expect to recognize a larger negative gross margin for the full year 2023 as a result of the fixed price manufacturing arrangement described above and this decreased support for our research and development programs.

  During the three months ended September 30, 2023, we recorded a provision for inventory obsolescence of $3.7 million as an increase to cost of goods sold for certain batches produced in our Huntsville, Alabama manufacturing facility. As a result of our identification of a quality concern of a solvent obtained from a third party that was used in the manufacturing of these batches, the batches are currently being held from further processing pending an investigation and assessment. If the results of the investigation and assessment determine that the held batches can be used for further processing, we may release these batches to our partner. The solvent having the quality concern was not used in any production batches associated with rezpegaldesleukin.

- **Non-cash royalty revenue and Non-cash interest expense**: We recognize non-cash royalty revenue and non-cash interest expense resulting from royalties on several products for which we had previously sold our rights to receive royalties under the 2012 and 2020 Purchase and Sale Agreements. See Note 3 to our Condensed Consolidated Financial Statements for additional information regarding these agreements. These non-cash revenues and expenses have no affect on our cash flows, and we do not consider them material to our operations.

- **License, collaboration and other revenue:** License, collaboration and other revenue includes the recognition of upfront payments, milestone and other contingent payments received in connection with our license and collaboration agreements. The amount of revenue depends in part upon the estimated recognition period of the upfront payments allocated to continuing performance obligations, the achievement of milestones and other contingent events, the continuation of existing collaborations, the amount of research and development work, and entering into new collaboration agreements, if any. License, collaboration and other revenue was not material for the periods presented or for the full year 2022, and we do not expect to recognize significant revenue for the full year 2023.

Research and Development Expense

Research and development expense consists primarily of clinical study costs, contract manufacturing costs, direct costs of outside research, materials, supplies, licenses and fees as well as personnel costs (including salaries, benefits, and non-cash stock-based compensation). Research and development expense also includes certain overhead allocations consisting of support and facilities-related costs. Where we perform research and development activities under a joint development collaboration, such as our collaboration with BMS, we record the expense reimbursement from our partners as a reduction to research and development expense, and we record our share of our partners' expenses as an increase to research and development expense.

As discussed in Note 1 to our Condensed Consolidated Financial Statements, in April 2022, BMS and we decided to discontinue development of bempegaldesleukin in combination with Opdivo®, and we have also decided to discontinue all other development of bempegaldesleukin. BMS and we have each substantially wound down our respective clinical trials under the BMS Collaboration Agreement. Beginning with the second quarter of 2022, we report clinical trial expense, other third-party costs and employee costs for the bempegaldesleukin program, net of the reimbursement from BMS, within restructuring, impairment and costs of terminated program in our Condensed Consolidated Statement of Operations. Accordingly, research and development expensed decreased by $29.6 million for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022 for third-party costs, net of the BMS reimbursement, for the termination of the bempegaldesleukin program.

As discussed in Note 6 to our Condensed Consolidated Financial Statements, pursuant to our 2022 Restructuring Plan, we completed the termination of approximately 70% of our then current workforce during 2022, and, in April 2023, we announced our 2023 Restructuring Plan to reduce our San Francisco-based workforce by approximately 60%, which was substantially completed by June 2023. Accordingly, research and development expense decreased by $8.8 million and $45.3 million for the three and nine months ended September 30, 2023, as compared to the three and nine months ended September 30, 2022, respectively, for employee costs, including non-cash stock-based compensation expense, net of the BMS reimbursement, primarily as a result of these Restructuring Plans. Research and development expense also decreased for the three and nine months ended September 30, 2023, as compared to the three and nine months ended September 30, 2022, due to lower allocations of support and facilities-related costs, primarily as a result of these Restructuring Plans. As a result of the 2022 and 2023 Restructuring Plans, we expect research and development expense to significantly decrease for the full year 2023 as compared to 2022.

We incurred research and development expense in the periods presented for development costs and manufacturing activities for NKTR-255 and development costs for rezpegaldesleukin as Lilly conducted its Phase 1B and Phase 2 studies, for which we were responsible for 25% of costs and Lilly was responsible for 75% of costs. We will continue to incur research and development costs as the development of NKTR-255 continues, and, following the termination of the collaboration agreement with Lilly, we have initiated a Phase 2b study of rezpegaldesleukin in patients with moderate-to-severe atopic dermatitis, and we are planning to initiate in late 2023 or early 2024 a new Phase 2b study of rezpegaldesleukin in patients with alopecia areata.

The timing and amount of our future clinical trial expenses will vary significantly based upon our evaluation of ongoing clinical results and the structure, timing, and scope of additional clinical development programs and potential clinical collaboration partnerships (if any) for these programs.

In addition to our drug candidates that we plan to evaluate in clinical development during 2023 and beyond, we believe it is vitally important to continue our substantial investment in a pipeline of new drug candidates to continue to build the value of our drug candidate pipeline and our business. We continue our interest in identifying new drug candidates across a wide range of molecule classes, including small molecules and large proteins, peptides and antibodies, across multiple therapeutic areas. We also plan from time to time to evaluate opportunities to in-license potential drug candidates from third parties to add to our drug discovery and development pipeline. We plan to continue to advance our most promising early research drug candidates into preclinical development with the objective to advance these early stage research programs to human clinical studies over the next several years.

Our expenditures on current and future preclinical and clinical development programs are subject to numerous uncertainties in timing and cost to completion. In order to advance our drug candidates through clinical development, each drug candidate must be tested in numerous preclinical safety, toxicology and efficacy studies. We then conduct clinical studies for our drug candidates that take several years to complete. The cost and time required to complete clinical trials may vary significantly over the life of a clinical development program as a result of a variety of factors, including but not limited to:

- the number of patients required for a given clinical study design;
- the length of time required to enroll clinical study participants;
- the number and location of sites included in the clinical studies;

•the clinical study designs required by the health authorities (i.e. primary and secondary endpoints as well as the size of the study population needed to demonstrate efficacy and safety outcomes);

•the potential for changing standards of care for the target patient population;

•the competition for patient recruitment from competitive drug candidates being studied in the same clinical setting;

•the costs of producing supplies of the drug candidates needed for clinical trials and regulatory submissions;

•the safety and efficacy profile of the drug candidate;

•the use of clinical research organizations to assist with the management of the trials; and

•the costs and timing of, and the ability to secure, approvals from government health authorities.

Furthermore, our strategy includes the potential of entering into collaborations with third parties to participate in the development and commercialization of some of our drug candidates such as the collaboration that we have already completed for rezpegaldesleukin, or clinical collaborations where we would share costs and operational responsibility with a partner. In certain situations, the clinical development program and process for a drug candidate and the estimated completion date will largely be under the control of that third party and not under our control. We cannot forecast with any degree of certainty which of our drug candidates will be subject to future collaborations or how such arrangements would affect our development plans or capital requirements.

General and Administrative Expense

General and administrative expense includes the cost of administrative staffing, commercial, finance and legal activities. As discussed in Note 6 to our Condensed Consolidated Financial Statements, pursuant to our 2022 Restructuring Plan, which we announced in April 2022, we completed the termination of approximately 70% of our then current workforce during 2022, and, in April 2023, we announced our 2023 Restructuring Plan to further reduce our San Francisco-based workforce by approximately 60%, which we substantially completed by June 2023. As a result of our 2022 Restructuring Plan, the commercial organization was eliminated and all other bempegaldesleukin-related commercialization activities ceased. Accordingly, as a result of these Restructuring Plans, general and administrative expense decreased for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 30, 2022. We also expect general and administrative expense for the full year 2023 to significantly decrease as compared to 2022.

Restructuring, Impairment and Costs of Terminated Program

As discussed in Note 6 to our Condensed Consolidated Financial Statements, in April 2022, we announced the termination of the bempegaldesleukin program and the 2022 Restructuring Plan, pursuant to which we completed an approximate 70% reduction of our then current workforce in 2022, and in April 2023, we announced our 2023 Restructuring Plan to reduce our San Francisco-based workforce by approximately 60%, which was approved by our Board in March 2023. In connection with these events, we reported the following costs in Restructuring, impairment and costs of terminated program as further described and disclosed in Note 6 to our Condensed Consolidated Financial Statements (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Clinical trial expense, other third-party and employee costs for the wind down of the bempegaldesleukin program	$ 652	$ 8,530	$ 3,606	$ 28,938
Severance and benefit expense	535	2,077	7,961	29,827
Impairment of right-of-use assets and property, plant and equipment	10,173	1,200	36,628	58,521
Contract termination and other restructuring costs	—	5,023	912	7,064
Restructuring, impairment and other costs of terminated program	$ 11,360	$ 16,830	$ 49,107	$ 124,350

•Clinical trial expense, other third-party and employee costs for the wind down of the bempegaldesleukin program: We recognized $31.7 million for the full year of 2022 for the wind down of the bempegaldesleukin program. We expect these costs for the full year 2023 to be significantly lower.

•Severance and benefits expense: We recognized $30.9 million for severance and benefit expense in 2022 for the 2022 Restructuring Plan. We expect to recognize approximately $8.0 million for the full year 2023 related to the 2023 Restructuring Plan.

•Impairment of right-of-use assets and property, plant and equipment: We recognized $65.8 million in non-cash impairment charges for the full year 2022, primarily for our leased space on Third St. which we intend to sublease, primarily due to lower rental recovery rates and extended time to enter into a sublease. The non-cash impairment charge for the three and nine months ended September 30, 2023 primarily reflect impairment charges for our office and laboratory space on Mission Bay Blvd. South and our office space on Third St. We will continue to update our estimates based on changes in market conditions, whether or not we are able to enter into subleases and, if we do enter into subleases, the economic terms of those subleases, and we may record non-cash impairment charges in future periods as these estimates change.

•Loss (gain) on sale or disposal of property, plant and equipment: We recognized a net gain of $3.3 million for the sale of property, plant and equipment for the full year 2022, primarily resulting from the sale of our research and development facility in India. We do not expect to recognize significant gains or losses in 2023.

•Contract termination and other restructuring charges: We recognized $10.9 million in contract termination and other restructuring costs for the full year 2022. We may recognize additional contract termination and other restructuring charges for the full year 2023 as a result of the 2023 Restructuring Plan, but we currently cannot estimate such costs.

Impairment of Goodwill

As discussed in Note 6 to our Condensed Consolidated Financial Statements, during the three months ended March 31, 2023 our stock price and resulting market capitalization experienced a significant, sustained decline. As a result and in accordance with ASC 350-20 *Goodwill* and ASC 820-10 *Fair Value Measurement*, we measured the fair value of the company based on income and market approaches. Based on this analysis, we wrote off all of our goodwill in the three months ended March 31, 2023. We had previously recognized goodwill primarily from our acquisitions of Shearwater Corp. and Aerogen, Inc. in 2001 and 2005, respectively.

Change in Fair Value of Development Derivative Liability

We recorded a gain for the change in fair value of development derivative liability in the three months ended March 31, 2022 because we decided to discontinue the development of bempegaldesleukin, and therefore reduced the liability to zero as of March 31, 2022. See Note 5 to our Condensed Consolidated Financial Statements for additional information.

Interest Income and Other Income (Expense), net

Interest income and other income (expense) increased for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 30, 2022 due to increases in interest rates. We expect that our interest income and other income (expense), net will increase for 2023 compared to 2022 for the same reason.

Liquidity and Capital Resources

We have financed our operations primarily through revenue from upfront and milestone payments under our strategic collaboration agreements, royalties and product sales, as well as public and private placements of debt and equity securities. As of September 30, 2023, we had approximately $372.7 million in cash and investments in marketable securities.

We estimate that we have working capital to fund our current business plans for at least the next twelve months from the date of filing.

We expect the clinical development of our drug candidates, including rezpegaldesleukin and NKTR-255, will continue to require significant investment to continue to advance in clinical development with the objective of obtaining regulatory approval or entering into one or more collaboration partnerships. In the past, we have received a number of significant payments from collaboration agreements and other significant transactions, including $1.9 billion in total consideration received under our arrangement with BMS, development cost reimbursements from BMS, and a $150.0 million upfront payment from Lilly for our collaboration agreement for rezpegaldesleukin. Additionally, certain of our collaboration partners, including Lilly, have borne substantial costs of developing our drug candidates. Following the return of our rights to develop rezpegaldesleukin from Lilly, however, unless we enter into a new collaboration agreement, we bear all the costs of developing our pipeline drug candidates, other than the Phase II JAVELIN Bladder Medley study under which we pay our share of the study's costs as a doublet therapy.

Our current business is subject to significant uncertainties and risks as a result of, among other factors, clinical and regulatory outcomes for rezpegaldesleukin and NKTR-255; the sales levels for those products, if and when they are approved; whether, when and on what terms we are able to enter into new collaboration transactions; expenses being higher than anticipated, unplanned expenses and the need to satisfy contingent liabilities, including litigation matters and indemnification obligations; and cash receipts, including sublease income, being lower than anticipated.

We have no credit facility or any other sources of committed capital. The availability and terms of various financing alternatives, if required in the future, substantially depend on many factors including the success or failure of drug development programs in our pipeline. The availability and terms of financing alternatives and any future significant payments from existing or new collaborations depend on the positive outcome of ongoing or planned clinical studies, whether we or our partners are successful in obtaining regulatory authority approvals in major markets, and if approved, the commercial success of these drugs, as well as general capital market conditions. We may pursue various financing alternatives to fund the expansion of our business as appropriate.

As a result of our 2022 and 2023 Restructuring Plans, we are seeking to sublease all of our laboratory and office space on Mission Bay Blvd. South and our office space on Third St., and we have current subleases for a portion of our laboratory and office spaces on Mission Bay Blvd. South. The San Francisco Bay Area office lease market has been negatively impacted by economic uncertainties, particularly impacting the technology industry, and the change in work habits due to the COVID-19 pandemic, as employees continue to work remotely. Accordingly, for our vacant office space on Third St., there is significant uncertainty as to whether or when we will be able to enter into a sublease as well as the economic terms of such subleases, if any. While the San Francisco Bay Area life sciences sublease market remained strong during 2022, it has weakened during 2023, including a significant increase in available sublease space in San Francisco, California. Accordingly, there is increased uncertainty as to whether or when we will be able to enter into a sublease as well as the economic terms of such subleases, if any.

Due to the potential for adverse developments in the credit markets, we may experience reduced liquidity with respect to some of our investments in marketable securities. These investments are generally held to maturity, which, in accordance with our investment policy, is less than two years. However, if the need arises to liquidate such securities before maturity, we may experience losses on liquidation. To date we have not experienced any liquidity issues with respect to these securities. We believe that, even allowing for potential liquidity issues with respect to these securities and the effect of various conditions on the financial markets, our remaining cash and investments in marketable securities will be sufficient to meet our anticipated cash needs for at least the next twelve months.

Cash flows from operating activities

Cash flows used in operating activities for the nine months ended September 30, 2023 and 2022 totaled $145.6 million and $246.3 million, respectively.

We expect that cash flows used in operating activities, excluding upfront, milestone and other contingent payments received, if any, will decrease for 2023 as compared to 2022 as a result of the various cost restructuring activities described above and because we do not expect any further costs for the wind down of the bempegaldesleukin program to be significant.

Cash flows from investing activities

During the nine months ended September 30, 2023 and 2022, the maturities and sales of our investments, net of purchases, totaled $121.6 million and $331.0 million, respectively, which we used to fund our operations.

We paid $5.2 million for the purchase of property, plant and equipment in the nine months ended September 30, 2022, and our purchases of property, plant and equipment for the nine months ended September 30, 2023 were not significant.

Cash flows from financing activities

Our cash flows from financing activities for the nine months ended September 30, 2023 and 2022 were not significant.

Critical Accounting Policies and Estimates

The preparation and presentation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form our basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates on an ongoing basis. Actual results may differ from those estimates under different assumptions or conditions. Other than the impairment of goodwill as discussed in Note 6 to our Condensed Consolidated Financial Statements, there have been no material changes to our critical accounting policies and estimates discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our market risks at September 30, 2023 have not changed materially from those discussed in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2022 on file with the SEC.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act of 1934 (Exchange Act) reports is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon, and as of the date of, this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

We continuously seek to improve the efficiency and effectiveness of our internal controls. This results in refinements to processes throughout the Company. However, there was no change in our internal control over financial reporting that occurred in the three months ended September 30, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II: OTHER INFORMATION

em 1. Legal Proceedings

Reference is hereby made to our disclosures in “Legal Matters” under Note 4 to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q and the information under the heading “Legal Matters” is incorporated by reference herein.

em 1A. Risk Factors

We are providing the following cautionary discussion of risk factors, uncertainties and assumptions that we believe are relevant to our business. These are factors that, individually or in the aggregate, we think could cause our actual results to differ materially from expected and historical results and our forward-looking statements. We note these factors for investors as permitted by Section 21E of the Exchange Act and Section 27A of the Securities Act.

Investors in Nektar Therapeutics should carefully consider the risks described below before making an investment decision. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider this section to be a complete discussion of all potential risks or uncertainties that may substantially impact our business. Moreover, we operate in a competitive and rapidly changing environment. New factors emerge from time to time and it is not possible to predict the impact of all of these factors on our business, financial condition or results of operations. The risks described below may not be the only ones relating to our company. This description includes any material changes to and supersedes the description of the risk factors associated with our business previously disclosed in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022.

Risks Related to our Business

We are highly dependent on the success of drug candidates, including rezpegaldesleukin (previously referred to as NKTR-358) and NKTR-255. If these drug candidates fail in clinical development our business will be significantly harmed.

Our future success is highly dependent on the clinical success of our drug candidates, including rezpegaldesleukin and NKTR-255. In general, most investigational drugs, including drug candidates designed to treat patients suffering from autoimmune disorders and cancers, such as rezpegaldesleukin and NKTR-255, respectively, do not become approved drugs. Accordingly, there is a very meaningful risk that our drug candidates will not succeed in one or more clinical trials sufficient to support one or more regulatory approvals.

We previously relied on Lilly (through the Lilly Agreement) to initiate, properly conduct, and prioritize clinical trials and other development-related activities for rezpegaldesleukin. In February 2023, we announced that the Phase 2 Lupus Study of rezpegaldesleukin in SLE conducted by Lilly did not meet the study’s primary endpoint and that Lilly does not intend to advance rezpegaldesleukin to Phase 3 development in SLE. On April 27, 2023, we announced that we would be regaining the full rights to rezpegaldesleukin from Lilly, and the collaboration agreement subsequently terminated. Following the return of our rights to develop rezpegaldesleukin, we bear all costs of development. We have initiated a Phase 2b study of rezpegaldesleukin in patients with moderate-to-severe atopic dermatitis, and we are planning to initiate in late 2023 or early 2024 a new Phase 2b of rezpegaldesleukin in patients with alopecia areata. We will also explore other auto-immune indications for the development of rezpegaldesleukin. While we believe we currently have the materials that are necessary for us to continue clinical development of rezpegaldesleukin, we may need or benefit from additional materials that Lilly has not yet transferred to us. In the event Lilly fails to promptly and completely transfer to us any additional needed materials or we are not able to independently source these materials, the continued clinical development of rezpegaldesleukin and our business will be significantly harmed. Even if the applicable agreement provides us with enforcement or other curative rights to address the harm caused by Lilly’s action (or failure to act), our efforts in pursuing a remedy would be costly and there is no guarantee that these efforts would succeed or be sufficient to fully address the harm. If continued development of rezpegaldesleukin is not ultimately successful, our market valuation, prospects, financial condition and results of operations would be materially harmed.

Additionally, promising results from earlier trials may not predict similarly favorable outcomes in subsequent trials. For example, several of our past, planned and ongoing clinical trials utilize an “open-label” trial design. An “open-label” clinical trial is one where both the patient and investigator know whether the patient is receiving the investigational drug candidate or either an existing approved drug or placebo. Most typically, open-label clinical trials test only the investigational drug candidate and sometimes may do so at different dose levels. Open-label clinical trials are subject to various limitations that may exaggerate any therapeutic effect as patients in open-label clinical trials are aware when they are receiving treatment. Open-label clinical trials may be subject to a “patient bias” where patients perceive their symptoms to have improved merely due to their awareness of receiving an experimental treatment. In addition, open-label clinical trials may be subject to an “investigator bias” where those assessing and reviewing the physiological outcomes of the clinical trials are aware of which patients have received treatment and may interpret the information of the treated group more favorably given this knowledge. The results from an open-label trial may not be predictive of future clinical trial results with any of our drug candidates for which we include an open-label clinical trial when studied in a controlled environment with a placebo or active control. One or more clinical failures of our drug candidates would jeopardize and could result in reduced, delayed or eliminated revenue.

Delays in clinical studies are common and have many causes, and any significant delay in clinical studies being conducted by us or our partners could result in delay in regulatory approvals and jeopardize the ability to proceed to commercialization.

We or our partners may experience delays in conducting clinical trials of our drug candidates. Clinical studies may not begin on time, enroll a sufficient number of patients or be completed on schedule, if at all. Clinical trials for any of our drug candidates could be delayed for a variety of reasons, including:

- delays in obtaining regulatory authorization to commence a clinical study;
- delays in reaching agreement with applicable regulatory authorities on a clinical study design;
- for drug candidates partnered with other companies, delays caused by our partner;
- delays caused by the COVID-19 pandemic (see also the risk factor in this Item 1A titled “*Our business could be adversely affected by the effects of health epidemics, including the recent COVID-19 pandemic*”).
- imposition of a clinical hold by the FDA or other health authorities, which may occur at any time including after any inspection of clinical trial operations or trial sites;
- suspension or termination of a clinical study by us, our partners, the FDA or foreign regulatory authorities due to adverse side effects of a drug on subjects in the trial;
- delays in recruiting suitable patients to participate in a trial;
- delays in having patients complete participation in a trial or return for post-treatment follow-up;
- clinical sites dropping out of a trial due to the detriment of enrollment rates;
- delays in manufacturing and delivery of sufficient supply of clinical trial materials;
- changes in regulatory authorities policies or guidance applicable to our drug candidates;
- delays caused by changing standards of care or new treatment options; and
- delays associated with third parties, such as a past collaboration partner, failing to provide us with all the necessary documents, data and materials necessary to conduct clinical trials.

If the initiation or completion of any of the planned clinical studies for our drug candidates is delayed for any of the above or other reasons, results for the studies would be delayed, and consequently the regulatory approval process would be delayed which would also delay the ability to commercialize these drug candidates, which could have a material adverse effect on our business, financial condition and results of operations. Clinical study delays could also shorten any commercial periods during

which our products have patent protection and may allow our competitors to bring products to market before we do, which could impair our ability to successfully commercialize our drug candidates and may harm our business and results of operations.

We currently rely on academic and private non-academic institutions to conduct investigator-sponsored clinical studies or trials of our product candidates. Any failure by the investigator-sponsor to meet its obligations with respect to the clinical development of our product candidates may delay or impair our ability to obtain regulatory approval or commercialize for other product candidates.

We currently rely on academic and private non-academic institutions to conduct and sponsor clinical studies or trials relating to our product candidates. We do not control the design or conduct of the investigator-sponsored trials, and it is possible that the FDA or non-U.S. regulatory authorities will not view these investigator-sponsored studies or trials as providing adequate support for future clinical trials, whether controlled by us or independent investigators, for any one or more reasons, including elements of the design or execution of the trials or safety concerns or other trial results.

Such arrangements will likely provide us certain information concerning our drug candidates with respect to the investigator-sponsored studies or trials, including access to and the ability to use and reference the data, including for our own regulatory filings, resulting from the investigator-sponsored studies or trials. However, we would not have control over the timing and reporting of the data from investigator-sponsored trials, nor would we own the data from the investigator-sponsored studies or trials. If we are unable to confirm or replicate the results from the investigator-sponsored studies or trials or if negative results are obtained, we would likely be further delayed or prevented from advancing further clinical development of our product candidates. Further, if investigators or institutions breach their obligations with respect to the clinical development of our product candidates, or if the data proves to be inadequate compared to the first-hand knowledge we might have gained had the investigator-sponsored studies or trials been sponsored and conducted by us, then our ability to design and conduct any future clinical trials ourselves may be adversely affected.

Additionally, the FDA or non-U.S. regulatory authorities may disagree with the sufficiency of our right of reference to the preclinical, manufacturing or clinical data generated by these investigator-sponsored studies or trials or our interpretation of preclinical, manufacturing or clinical data from these investigator-sponsored studies or trials. If so, the FDA or other non-U.S. regulatory authorities may require us to obtain and submit additional preclinical, manufacturing or clinical data before we may initiate our planned clinical trials and/or may not accept such additional data as adequate to initiate our planned clinical trials.

The outcomes from the clinical trials of drug candidates from others, and the discovery and development of new potential therapies in immunology and oncology, could have a material and adverse impact on the value of the drug candidates in our research and development pipeline.

The research and development of immune-modulatory agents is a very competitive global segment in the biopharmaceutical industry attracting tens of billions of dollars of investment each year. Our clinical trial plans for rezpegaldesleukin, NKTR-255 and other drug candidates face substantial competition from other regimens already approved, and many more that are either ahead of or in parallel development in patient populations where we are studying our drug candidates. As immunotherapy represent a relatively new approach to treatment of autoimmune disorders and cancer and few have successfully completed late stage development, drug development in this area entails substantial risks and uncertainties that include rapidly changing standards of care, identifying contribution of components when therapeutic combinations are employed, patient enrollment competition, evolving regulatory frameworks to evaluate regimens, and varying risk-benefit profiles of competing therapies, any or all of which could have a material and adverse impact on the probability of success of our drug candidates.

The risk of clinical failure for any drug candidate remains high prior to regulatory approval and there can be no assurance that our product candidates will obtain regulatory approval for any particular indications.

A number of companies have suffered significant unforeseen failures in clinical studies due to factors such as inconclusive efficacy or safety, even after achieving preclinical proof-of-concept or positive results from earlier clinical studies

that were satisfactory both to them and to reviewing regulatory authorities. Clinical study outcomes remain very unpredictable and it is possible that one or more of our clinical studies could fail at any time due to efficacy, safety or other important clinical findings or regulatory requirements. The results from preclinical testing or early clinical trials of a drug candidate may not predict the results that will be obtained in later phase clinical trials of the drug candidate. We, the FDA, an independent Institutional Review Board (IRB), an independent ethics committee (IEC), or other applicable regulatory authorities may suspend clinical trials of a drug candidate at any time for various reasons, including a belief that patients participating in such trials are being exposed to unacceptable health risks or adverse side effects. Similarly, an IRB or IEC may suspend a clinical trial at a particular trial site. If one or more of our drug candidates fail in clinical studies, it could have a material adverse effect on our business, financial condition and results of operations.

Significant competition for our polymer conjugate chemistry technology platforms and our partnered and proprietary drugs and drug candidates could make our technologies, drugs or drug candidates obsolete or noncompetitive, which would negatively impact our business, results of operations and financial condition.

Our advanced polymer conjugate chemistry platforms and our partnered and proprietary products and drug candidates compete with various pharmaceutical and biotechnology companies. Competitors of our polymer conjugate chemistry technologies include Biogen Inc., Horizon Pharma, Dr. Reddy's Laboratories Ltd., SunBio Corporation, Laysan Bio, Inc., Mountain View Pharmaceuticals, Inc., Novo Nordisk A/S (formerly assets held by Neose Technologies, Inc.), NOF Corporation and Aurigene Pharmaceutical Services. Several other chemical, biotechnology and pharmaceutical companies may also be developing polymer conjugation technologies or technologies that have similar impact on target drug molecules. Some of these companies license or provide the technology to other companies, while others are developing the technology for internal use.

There are many competitors for our drug candidates currently in development. For rezpegaldesleukin, there are a number of competitors in various stages of clinical development that are working on programs which are designed to correct the underlying immune system imbalance in the body due to autoimmune disease. In particular, we expect to compete with therapies that could be cytokine-based, microbiome-based, or toleragenic-based therapies (Symbiotix, LLC, Janssen, AstraZeneca, and Tizona Therapeutics), regulatory T cell therapies (Sangamo Therapeutics, Inc., Quell Therapeutics, Ltd, TxCell, Inc., Sonoma Biotherapeutics, Inc., GentiBio, Inc. Kyvema Therapeutics, Inc. and and Tract Therapeutics, Inc.), or IL-2-based-therapies (Amgen Inc., BMS, Novartis, Inc., ILTOO Pharma, Xencor, Inc. Merck & Co, through its acquisition of Pandion Therapeutics, and Sanofi SA, through its acquisition of Synthorx, Inc.). For NKTR-255, we believe companies that are currently researching and developing engineered IL-15 biologics and cell therapies that could compete with this drug candidate include Artiva Biotherapeutics, Fate Therapeutics, ImmunityBio, Inc., Nkarta Therapeutics, NKMax America, and Roche/Genentech (through its partnership with Xencor, Inc.). There can be no assurance that we or our partners will successfully develop, obtain regulatory approvals for and commercialize next-generation or new products that will successfully compete with those of our competitors. Many of our competitors have greater financial, research and development, marketing and sales, manufacturing and managerial capabilities. We face competition from these companies not just in product development but also in areas such as recruiting employees, acquiring technologies that might enhance our ability to commercialize products, establishing relationships with certain research and academic institutions, enrolling patients in clinical trials and seeking program partnerships and collaborations with larger pharmaceutical companies. As a result, our competitors may succeed in developing competing technologies, obtaining regulatory approval or gaining market acceptance for products before we do. These developments could make our products or technologies noncompetitive or obsolete.

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

From time to time, we publish preliminary or interim data from our clinical studies. Preliminary data remain subject to audit confirmation and verification procedures that may result in the final data being materially different from the preliminary data we previously published. Interim data are also subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. As a result, preliminary and interim data should be

viewed with caution until the final data are available. Material adverse changes in the final data could significantly harm our business prospects.

Risks Related to our Financial Condition and Capital Requirement

Additional cost-savings measures may be necessary following implementation of our strategic reorganization plan and cost restructuring plans.

Our 2022 and 2023 Restructuring Plans prioritized key research and development efforts that will impact the Company's future business activities, including activities involving rezpegaldesleukin, NKTR-255 and several core research programs. There is no guarantee that these Restructuring Plans and their associated cost restructuring measures will achieve their intended benefits or that our post-restructuring focus will be sufficient for us to achieve success. Consequently, we may need to undertake additional restructuring and cost-saving activities to further prioritize our key research and development efforts and these additional restructuring and cost-saving activities may not be successful, which could have a material adverse effect on our business, financial condition and prospects.

Our results of operations and financial condition depend significantly on the ability of our collaboration partners to successfully develop and market drugs and they may fail to do so.

Under our collaboration agreements with various pharmaceutical or biotechnology companies, our collaboration partner is generally solely responsible for:

- designing and conducting large scale clinical studies;
- preparing and filing documents necessary to obtain government approvals to sell a given drug candidate; and/or
- marketing and selling the drugs when and if they are approved.

Our reliance on collaboration partners poses a number of significant risks to our business, including risks that:

- we have very little control over the timing and level of resources that our collaboration partners dedicate to commercial marketing efforts such as the amount of investment in sales and marketing personnel, general marketing campaigns, direct-to-consumer advertising, product sampling, pricing agreements and rebate strategies with government and private payers, manufacturing and supply of drug product, and other marketing and selling activities that need to be undertaken and well executed for a drug to have the potential to achieve commercial success;
- collaboration partners with commercial rights may choose to devote fewer resources to the development or marketing of our partnered drugs than they devote to their own drugs or other drugs that they have in-licensed;
- we have very little control over the timing and amount of resources our partners devote to development programs in one or more major markets;
- disagreements with partners could lead to delays in, or termination of, the research, development or commercialization of drug candidates or to litigation or arbitration proceedings;
- disputes may arise or escalate in the future with respect to the ownership of rights to technology or intellectual property developed with partners;
- we do not have the ability to unilaterally terminate agreements (or partners may have extension or renewal rights) that we believe are not on commercially reasonable terms or consistent with our current business strategy;
- partners may be unable to pay us as expected;

•partners may terminate their agreements with us unilaterally for any or no reason, in some cases with the payment of a termination fee penalty and in other cases with no termination fee penalty; and

•partners may respond to natural disasters or health epidemics, such as the COVID-19 pandemic, by ceasing all or some of their development responsibilities (including the responsibility to clinical develop our drug candidates).

Given these risks, the success of our current and future collaboration partnerships is highly unpredictable and can have a substantial negative impact on our business. If the approved drugs fail to achieve commercial success or the drugs in development fail to have positive late stage clinical outcomes sufficient to support regulatory approval in major markets, it could significantly impair our access to capital necessary to fund our research and development efforts for our drug candidates. If we are unable to obtain sufficient capital resources to advance our drug candidate pipeline, it would negatively impact the value of our business, results of operations and financial condition.

We have substantial future capital requirements and there is a risk that we may not have access to sufficient capital to meet our current business plan. If we do not receive substantial milestone or royalty payments from our existing collaboration agreements, execute new high value collaborations or other arrangements, or are unable to raise additional capital in one or more financing transactions, we would be unable to continue our current level of investment in research and development.

As of September 30, 2023, we had cash and investments in marketable securities valued at approximately $372.7 million. While we believe that our cash position will be sufficient to meet our liquidity requirements through at least the next 12 months, our future capital requirements will depend upon numerous unpredictable factors, including:

•the cost, timing and outcomes of clinical studies and regulatory reviews of our drug candidates, particularly rezpegaldesleukin;

•if and when we receive potential milestone payments and royalties from our existing collaborations if the drug candidates subject to those collaborations achieve clinical, regulatory or commercial success;

•the progress, timing, cost and results of our clinical development programs;

•the success, progress, timing and costs of our efforts to implement new collaborations, licenses and other transactions that increase our current net cash, such as the sale of additional royalty interests held by us, term loan or other debt arrangements, and the issuance of securities;

•the number of patients, enrollment criteria, primary and secondary endpoints, and the number of clinical studies required by the regulatory authorities in order to consider for approval our drug candidates and those of our collaboration partners;

•our general and administrative expenses, capital expenditures and other uses of cash; and

•disputes concerning patents, proprietary rights, or license and collaboration agreements that could negatively impact our receipt of milestone payments or royalties or require us to make significant payments arising from licenses, settlements, adverse judgments or ongoing royalties.

A significant multi-year capital commitment is required to advance our drug candidates through the various stages of research and development in order to generate sufficient data to enable high value collaboration partnerships with significant upfront payments or to successfully achieve regulatory approval. In the event we do not enter into any new collaboration partnerships with significant upfront payments and we choose to continue to advance our drug candidates to later stage research and development, we may need to pursue financing alternatives, including dilutive equity-based financings, such as an offering of convertible debt or common stock, which would dilute the percentage ownership of our current common stockholders and could significantly lower the market value of our common stock. If sufficient capital is not available to us or is not available on commercially reasonable terms, it could require us to delay or reduce one or more of our research and development programs. If

we are unable to sufficiently advance our research and development programs, it could substantially impair the value of such programs and result in a material adverse effect on our business, financial condition and results of operations.

The commercial potential of a drug candidate in development is difficult to predict. If the market size for a new drug is significantly smaller than we anticipate, it could significantly and negatively impact our revenue, results of operations and financial condition.

It is very difficult to estimate the commercial potential of drug candidates due to important factors such as safety and efficacy compared to other available treatments, including changing standards of care, third party payer reimbursement standards, patient and physician preferences, the availability of competitive alternatives that may emerge either during the long drug development process or after commercial introduction, and the availability of generic and biosimilar versions of our drug candidates following approval by regulatory authorities based on the expiration of regulatory exclusivity or our inability to prevent generic versions from coming to market by asserting our patents. If due to one or more of these risks the market potential for a drug candidate is lower than we anticipated, it could significantly and negatively impact the commercial potential of the drug candidate, the commercial terms of any collaboration partnership potential for such drug candidate, or if we have already entered into a collaboration for such drug candidate, the revenue potential from royalty and milestone payments could be significantly diminished and this would negatively impact our business, financial condition and results of operations. We may also depend on our relationships with other companies for sales and marketing performance and the commercialization of drug candidates. Poor performance by these companies, or disputes with these companies, could negatively impact our revenue and financial condition.

If government and private insurance programs do not provide payment or reimbursement for our partnered drug or proprietary drugs, those drugs will not be widely accepted, which would have a negative impact on our business, results of operations and financial condition.

In the United States and markets in other countries, patients generally rely on third-party payers to reimburse all or part of the costs associated with their treatment. In both domestic and foreign markets, sales of our partnered and proprietary products that receive regulatory approval will depend in part on market acceptance among physicians and patients, pricing approvals by government authorities and the availability of coverage and payment or reimbursement from third-party payers, such as government programs, including Medicare and Medicaid in the U.S., managed care providers, private health insurers and other organizations. However, eligibility for coverage does not necessarily signify that a biologic candidate will be adequately reimbursed in all cases or at a rate that covers costs related to research, development, manufacture, sale, and distribution. Third-party payers are increasingly challenging the price and cost effectiveness of medical products and services. Therefore, significant uncertainty exists as to the coverage and pricing approvals for, and the payment or reimbursement status of, newly approved healthcare products.

There is also significant uncertainty related to the insurance coverage and reimbursement of newly approved products and coverage may be more limited than the purposes for which the medicine is approved by the FDA or comparable foreign regulatory authorities. In the United States, the principal decisions about reimbursement for new medicines are typically made by the Centers for Medicare & Medicaid Services, or CMS, an agency within the U.S. Department of Health and Human Services. CMS decides whether and to what extent a new medicine will be covered and reimbursed under Medicare and private payers tend to follow CMS to a substantial degree.

Factors payers consider in determining reimbursement are based on whether the product is (i) a covered benefit under its health plan; (ii) safe, effective and medically necessary; (iii) appropriate for the specific patient; (iv) cost-effective; and (v) neither experimental nor investigational.

In addition, net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payers and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States.

Increasingly, third-party payers are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any of our drug product candidates that are commercialized and, if reimbursement is available, the level of reimbursement.

In addition, many pharmaceutical manufacturers must calculate and report certain price reporting metrics to the government, such as average sales price, or ASP, and best price. Penalties may apply in some cases when such metrics are not submitted accurately and timely. Further, these prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs.

Moreover, legislation and regulations affecting the pricing of pharmaceuticals may change before regulatory agencies approve our proposed products for marketing and could further limit coverage or pricing approvals for, and reimbursement of, our products from government authorities and third-party payers. Federal agencies, Congress and state legislatures have continued to show interest in implementing cost containment programs to limit the growth of health care costs, including price controls, restrictions on reimbursement and other fundamental changes to the healthcare delivery system. In addition, in recent years, Congress has enacted various laws seeking to reduce the federal debt level and contain healthcare expenditures, and the Medicare and other healthcare programs are frequently identified as potential targets for spending cuts. The Inflation Reduction Act of 2022, or IRA, includes several provisions that may impact our business to varying degrees, including provisions that reduce the out-of-pocket cap for Medicare Part D beneficiaries to $2,000 starting in 2025; impose new manufacturer financial liability on certain drugs under Medicare Part D, allow the U.S. government to negotiate Medicare Part B and Part D price caps for certain high-cost drugs and biologics without generic or biosimilar competition, require companies to pay rebates to Medicare for certain drug prices that increase faster than inflation, and delay the rebate rule that would limit the fees that pharmacy benefit managers can charge. Further, under the IRA, orphan drugs are exempted from the Medicare drug price negotiation program, but only if they have one rare disease designation and for which the only approved indication is for that disease or condition. If a product receives multiple rare disease designations or has multiple approved indications, it may not qualify for the orphan drug exemption. The effects of the IRA on our business and the healthcare industry in general is not yet known. New government legislation or regulations related to pricing or other fundamental changes to the healthcare delivery system as well as a government or third-party payer decision not to approve pricing for, or provide adequate coverage or reimbursement of, our products hold the potential to severely limit market opportunities of such products.

In addition, in some foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country. For example, the European Union provides options for its Member States to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. To obtain reimbursement or pricing approval, some of these countries may require the completion of clinical trials that compare the cost effectiveness of a particular product candidate to currently available therapies. A Member State may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any of our product candidates. Historically, products launched in the European Union do not follow price structures of the U.S. and generally prices tend to be significantly lower.

If we are unable to establish and maintain collaboration partnerships on attractive commercial terms, our business, results of operations and financial condition could suffer.

We intend to continue to seek partnerships with pharmaceutical and biotechnology partners to fund a portion of our research and development capital requirements. The timing of new collaboration partnerships is difficult to predict due to availability of clinical data, the outcomes from our clinical studies, the number of potential partners that need to complete due diligence and approval processes, the definitive agreement negotiation process and numerous other unpredictable factors that can delay, impede or prevent significant transactions. If we are unable to find suitable partners or negotiate collaboration arrangements with favorable commercial terms with respect to our existing and future biologic candidates or the licensing of our intellectual property, or if any arrangements we negotiate, or have negotiated, are terminated, it could have a material adverse effect on our business, financial condition and results of operations.

Our revenue has historically been exclusively derived from our collaboration agreements, which can result in significant fluctuation in our revenue from period to period, and our past revenue is therefore not necessarily indicative of our future revenue.

Our revenue has historically been exclusively derived from our collaboration agreements (whether based on our drug candidates or polymeric reagents), from which we receive upfront fees, research and development reimbursement and funding, milestone and other contingent payments based on clinical progress, regulatory progress or net sales achievements, royalties and product sales. Significant variations in the timing of receipt of cash payments and our recognition of revenue can result from payments based on the execution of new collaboration agreements, the timing of clinical outcomes, regulatory approval, commercial launch or the achievement of certain annual sales thresholds. The amount of our revenue derived from collaboration agreements in any given period will depend on a number of unpredictable factors, including whether and when we or our collaboration partners achieve clinical, regulatory and sales milestones, the timing of regulatory approvals in one or more major markets, reimbursement levels by private and government payers, and the market introduction of new drugs or generic versions of the approved drug, as well as other factors. Our past revenue generated from collaboration agreements is not necessarily indicative of our future revenue. If any of our existing or future collaboration partners fails to develop, obtain regulatory approval for, manufacture or ultimately commercialize any biologic candidate under our collaboration agreement, our business, financial condition, and results of operations could be materially and adversely affected.

We expect to continue to incur substantial losses and negative cash flow from operations and may not achieve or sustain profitability in the future.

For the nine months ended September 30, 2023, we reported a net loss of $234.0 million. If and when we achieve profitability depends upon a number of factors, including the timing and recognition of milestones and other contingent payments and royalties received, the timing of revenue under our collaboration agreements, the amount of investments we make in our proprietary biologic candidates and the regulatory approval and market success of our biologic candidates. We may not be able to achieve and sustain profitability.

Other factors that will affect whether we achieve and sustain profitability include our ability, alone or together with our partners, to:

•develop drugs utilizing our technologies, either independently or in collaboration with other pharmaceutical or biotechnology companies;

•effectively estimate and manage clinical development costs, particularly the cost of the clinical studies for rezpegaldesleukin and NKTR-255;

•receive necessary regulatory and marketing approvals;

•maintain or expand manufacturing at necessary levels;

•achieve market acceptance of our partnered products;

•receive revenue or royalties on products that have been approved, marketed or submitted for marketing approval with regulatory authorities; and

•maintain sufficient funds to finance our activities.

Risks Related to Supply and Manufacturing

If we or our contract manufacturers are not able to manufacture biologic substance or substances in sufficient quantities that meet applicable quality standards, it could delay clinical studies, result in reduced sales or constitute a breach of our contractual obligations, any of which could significantly harm our business, financial condition and results of operations.

If we or our contract manufacturing organizations (CMOs) are not able to manufacture and supply sufficient drug quantities meeting applicable quality standards required to support large clinical studies or commercial manufacturing in a timely manner, it could delay our or our collaboration partners' clinical studies or result in a breach of our contractual obligations, which could in turn reduce the potential commercial sales of our or our collaboration partners' products. As a result, we could incur substantial costs and damages and any product sales or royalty revenue that we would otherwise be entitled to receive could be reduced, delayed or eliminated. In most cases, we rely on CMOs to manufacture and supply drug product for our clinical studies and those of our collaboration partners. The manufacturing of biologics involves significant risks and uncertainties related to the demonstration of adequate stability, sufficient purification of the drug substance and drug product, the identification and elimination of impurities, optimal formulations, process and analytical methods validations, and challenges in controlling for all of these variables. We have faced and may in the future face significant difficulties, delays and unexpected expenses as we validate third party CMOs required for drug supply to support our clinical studies and the clinical studies and products of our collaboration partners. Failure by us or our CMOs to supply API or drug products in sufficient quantities that meet all applicable quality requirements could result in supply shortages for our clinical studies or the clinical studies and commercial activities of our collaboration partners. Such failures could significantly and materially delay clinical trials and regulatory submissions or result in reduced sales, any of which could significantly harm our business prospects, results of operations and financial condition.

If any CMO with whom we contract fails to perform its obligations, we may be forced to manufacture the materials ourselves, for which we may not have the capabilities or resources, or enter into an agreement with a different CMO, which we may not be able to do on reasonable terms, if at all. In either scenario, our clinical trials or commercial distribution could be delayed significantly as we establish alternative supply sources. In some cases, the technical skills required to manufacture our products or biologic candidates may be unique or proprietary to the original CMO and we may have difficulty, or there may be contractual restrictions prohibiting us from, transferring such skills to a back-up or alternate supplier, or we may be unable to transfer such skills at all. In addition, if we are required to change CMOs for any reason, we will be required to verify that the new CMO maintains facilities and procedures that comply with quality standards and with all applicable regulations. We will also need to verify, such as through a manufacturing comparability study, that any new manufacturing process will produce our product according to the specifications previously submitted to or approved by the FDA or another regulatory authority. The delays associated with the verification of a new CMO could negatively affect our ability to develop biologic candidates or commercialize our products in a timely manner or within budget. Furthermore, a CMO may possess technology related to the manufacture of our biologic candidate that such CMO owns independently. This would increase our reliance on such a CMO or require us to obtain a license from such CMO in order to have another CMO manufacture our products or biologic candidates. In addition, in the case of the CMOs that supply our biologic candidates, changes in manufacturers often involve changes in manufacturing procedures and processes, which could require that we conduct bridging studies between our prior clinical supply used in our clinical trials and that of any new manufacturer. We may be unsuccessful in demonstrating the comparability of clinical supplies which could require the conduct of additional clinical trials.

Building and validating large scale clinical or commercial-scale manufacturing facilities and processes, recruiting and training qualified personnel and obtaining necessary regulatory approvals is complex, expensive and time consuming. In the past, we have encountered challenges in scaling up manufacturing to meet the requirements of large scale clinical trials without making modifications to the drug formulation, which may cause significant delays in clinical development. There continues to be substantial and unpredictable risk and uncertainty related to manufacturing and supply until such time as the commercial supply chain is validated and proven.

We purchase some of the starting material for biologics and biologic candidates from a single source or a limited number of suppliers, and the partial or complete loss of one of these suppliers could cause production delays, clinical trial delays, substantial loss of revenue and contract liability to third parties.

We often face very limited supply of a critical raw material that can only be obtained from a single, or a limited number of, suppliers, which could cause production delays, clinical trial delays, substantial lost revenue opportunities or contract liabilities to third parties. For example, there are only a limited number of qualified suppliers, and in some cases single source suppliers, for the raw materials included in our PEGylation and advanced polymer conjugate drug formulations. Any interruption in supply, diminution in quality of raw materials supplied to us or failure to procure such raw materials on commercially feasible terms could harm our business by delaying our clinical trials, impeding commercialization of approved drugs or increasing our costs.

Our manufacturing operations and those of our contract manufacturers are subject to laws and other governmental regulatory requirements, which, if not met, would have a material adverse effect on our business, results of operations and financial condition.

We and our CMOs are required in certain cases to maintain compliance with current good manufacturing practices (cGMP), including cGMP guidelines applicable to active pharmaceutical ingredients, and drug products, and with laws and regulations governing manufacture and distribution of controlled substances, and are subject to inspections by the FDA, or comparable agencies in other jurisdictions administering such requirements. We anticipate periodic regulatory inspections of our drug manufacturing facilities and the manufacturing facilities of our CMOs for compliance with applicable regulatory requirements. Any failure to follow and document our or our CMOs' adherence to such cGMP and other laws and governmental regulations or satisfy other manufacturing and product release regulatory requirements may disrupt our ability to meet our manufacturing obligations to our customers, lead to significant delays in the availability of products for commercial use or clinical study, result in the termination or hold on a clinical study or delay or prevent filing or approval of marketing applications for our products. Failure to comply with applicable laws and regulations may also result in sanctions being imposed on us, including fines, injunctions, civil penalties, failure of regulatory authorities to grant marketing approval of our products, delays, suspension or withdrawal of approvals, license revocation, seizures, administrative detention, or recalls of products, operating restrictions and criminal prosecutions, any of which could harm our business. Regulatory inspections could result in costly manufacturing changes or facility or capital equipment upgrades to satisfy the FDA that our manufacturing and quality control procedures are in substantial compliance with cGMP. Manufacturing delays, for us or our CMOs, pending resolution of regulatory deficiencies or suspensions could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Business Operations

We depend on third parties to conduct the preclinical studies and clinical trials for our biologic candidates and any failure of those parties to fulfill their obligations according to protocol standards could harm our development plans and adversely affect our business.

We depend on our collaboration partners, independent clinical investigators, contract research organizations and other third-party service providers to conduct preclinical studies and clinical trials for our biologic candidates, including to monitor, record, manage and analyze data generated from these studies. We rely heavily on these parties for the successful execution of our preclinical studies and clinical trials. Though we are ultimately responsible for the results of their activities, many aspects of their activities are beyond our control, such as the timing, conduct and management of data developed through these studies and trials. For example, we are responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trials, but the independent clinical investigators may prioritize other projects over ours or communicate issues regarding our biologic candidates to us in an untimely manner. Third parties may not complete activities on schedule or may not conduct our clinical trials in accordance with regulatory requirements, such as good laboratory practice or good clinical practice, or our stated protocols and any subsequent data generated may be deemed unacceptable. We rely on our collaboration partners and other third parties to manage, analyze and transmit clinical data, and those partners and third parties may not carry out the performance of their duties with the required degree of care or skill to ensure valid and scientifically reliable work products. The early termination of any of our clinical trial arrangements, the failure of third parties to comply with the

regulations and requirements governing clinical trials, the failure of third parties to properly conduct our clinical trials, or erroneously reported data could hinder or delay the development, approval and commercialization of our product candidates and would adversely affect our business, results of operations and financial condition.

Our future depends on the proper management of our current and future business operations and their associated expenses.

Our business strategy requires us to manage our business to provide for the continued development of our proprietary and partnered biologic candidates. Our strategy also calls for us to manage the capital necessary to fund key programs through value-enhancing data and other milestones. If we are unable to manage effectively our current operations, our business, financial condition and results of operations may be adversely affected. If we are unable to effectively manage our expenses, we may find it necessary to reduce our personnel-related costs through reductions in our workforce, which could harm our operations, employee morale and impair our ability to retain and recruit talent. Furthermore, if adequate funds are not available, we may be required to obtain funds through arrangements with partners or other sources that may require us to relinquish rights to certain of our technologies, products or future economic rights that we would not otherwise relinquish or require us to enter into other dilutive financing arrangements on unfavorable terms.

Because competition for highly qualified technical personnel is intense, we may not be able to attract and retain the personnel we need to support our operations and growth.

We must attract and retain experts in the areas of research, development (including clinical testing), manufacturing, regulatory and finance, and may need to attract and retain commercial, marketing and distribution experts and develop additional expertise in our existing personnel. We face intense competition from other biopharmaceutical companies, research and academic institutions and other organizations for qualified personnel. Many of the organizations with which we compete for qualified personnel have greater resources than we have. Because competition for skilled personnel in our industry is intense, companies such as ours sometimes experience high attrition rates with regard to their skilled employees. Further, in making employment decisions, job candidates often consider the value of the stock awards they are to receive in connection with their employment. Our equity incentive plan and employee benefit plans may not be effective in motivating or retaining our employees or attracting new employees, and significant volatility in the price of our stock may adversely affect our ability to attract or retain qualified personnel. Furthermore, as a result of our Restructuring Plan, our employees may experience distractions or decreases in employee morale and we may experience increased levels of employee attrition and turnover, which would adversely affect our business. If we fail to attract new personnel or to retain and motivate our current personnel, our business and future growth prospects could be severely harmed.

We are dependent on our management team and key technical personnel, and the loss of any key manager or employee may impair our ability to develop our products effectively and may harm our business, operating results and financial condition.

Our success largely depends on the continued services of our executive officers and other key personnel. The loss of one or more members of our management team or other key employees could seriously harm our business, operating results and financial condition. The relationships that our key managers have cultivated within our industry make us particularly dependent upon their continued employment with us. We are also dependent on the continued services of our technical personnel because of the highly technical nature of our products and the regulatory approval process. Because our executive officers and key employees are not obligated to provide us with continued services, they could terminate their employment with us at any time without penalty. We do not have any post-employment noncompetition agreements with any of our employees and do not maintain key person life insurance policies on any of our executive officers or key employees.

Rising inflation rates have increased our operating costs and could negatively impact our operations.

Inflation rates, particularly in the United States, have increased recently to levels not seen in decades. Increased inflation has resulted in increased operating costs. In addition, the United States Federal Reserve has raised, and is expected to continue to

raise, interest rates in response to concerns about inflation. Increases in interest rates, especially if coupled with reduced government spending and volatility in financial markets, may further increase economic uncertainty and heighten these risks.

Our business could be adversely affected by the effects of health epidemics, including the recent COVID-19 pandemic.

Our business could be adversely affected, directly or indirectly, by health epidemics in regions where we have concentrations of clinical trial sites or other business operations, including both our own manufacturing operations as well as the manufacturing operations of third parties upon whom we rely. To date, the COVID-19 pandemic has not had a significant, long-term impact on our business. However, any prolonged or worsening effects in the progression of the COVID-19 pandemic could cause a negative impact on our clinical trial timelines, operations, financial condition and prospects. Our clinical trials and those run by our collaborators or other third parties may be affected by delays in investigator recruitment, clinical site initiation, patient screening, or patient enrollment due to challenges associated with the COVID-19 pandemic. Supply chain disruptions or shortages in raw materials and equipment caused by the COVID-19 pandemic may affect our ability to manufacture our products and to supply drug candidates for clinical trials. Throughout the pandemic we modified our policies to allow our employees to safely work, including remotely when possible, and we may experience unpredictability in our expenses, employee productivity and availability and employee work culture. The COVID-19 pandemic has had a broad impact on global financial markets and could reduce our ability to access capital, which could in the future negatively affect our liquidity. In addition, a recession or market correction resulting from a health epidemic, including the COVID-19 pandemic, could materially affect our business and the value of our common stock.

We continue to actively monitor the COVID-19 pandemic and applicable government recommendations in light of new developments.

Risks Related to Intellectual Property, Litigation and Regulatory Concerns

If we or our partners do not obtain regulatory approval for our biologic candidates on a timely basis, or at all, or if the terms of any approval impose significant restrictions or limitations on use, our business, results of operations and financial condition will be negatively affected.

We or our partners may not obtain regulatory approval for biologic candidates on a timely basis, or at all, or the terms of any approval (which in some countries includes pricing approval) may impose significant restrictions or limitations on use. Biologic candidates must undergo rigorous animal and human testing and an extensive review process for safety and efficacy by the FDA and equivalent foreign regulatory authorities. The time required for obtaining regulatory decisions is uncertain and difficult to predict. The FDA and other U.S. and foreign regulatory authorities have substantial discretion, at any phase of development, to terminate clinical studies, require additional clinical development or other testing, delay or withhold registration and marketing approval and mandate product withdrawals, including recalls. Further, regulatory authorities have the discretion to analyze data using their own methodologies that may differ from those used by us or our partners, which could lead such authorities to arrive at different conclusions regarding the safety or efficacy of a biologic candidate. In addition, undesirable side effects caused by our biologic candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restricted label or the delay or denial of regulatory approval by regulatory authorities.

Even if we or our partners receive regulatory approval of a product, the approval may limit the indicated uses for which the drug may be marketed. Our and our partnered drugs that have obtained regulatory approval, and the manufacturing processes for these products, are subject to continued review and periodic inspections by the FDA and other regulatory authorities. Discovery from such review and inspection of previously unknown problems may result in restrictions on marketed products or on us, including withdrawal or recall of such products from the market, suspension of related manufacturing operations or a more restricted label. The failure to obtain timely regulatory approval of drug candidates, any product marketing limitations or a product withdrawal would negatively impact our business, results of operations and financial condition.

We are a party to numerous collaboration agreements and other significant agreements which contain complex commercial terms that could result in disputes, litigation or indemnification liability that could adversely affect our business, results of operations and financial condition.

We currently derive, and expect to derive in the foreseeable future, substantially all of our revenue from collaboration agreements with biotechnology and pharmaceutical companies. These collaboration agreements contain complex commercial terms, including:

- clinical development and commercialization obligations that are based on certain commercial reasonableness performance standards that can often be difficult to enforce if disputes arise as to adequacy of our partner's performance;
- research and development performance and reimbursement obligations for our personnel and other resources allocated to partnered biologic candidate development programs;
- clinical and commercial manufacturing agreements, some of which are priced on an actual cost basis for products supplied by us to our partners with complicated cost allocation formulas and methodologies;
- intellectual property ownership allocation between us and our partners for improvements and new inventions developed during the course of the collaboration;
- royalties on drug sales based on a number of complex variables, including net sales calculations, geography, scope of patent claim coverage, patent life, generic competitors, bundled pricing and other factors; and
- indemnity obligations for intellectual property infringement, product liability and certain other claims.

We are a party to numerous significant collaboration agreements and other strategic transaction agreements (e.g. financings and asset divestitures) that contain complex representations and warranties, covenants and indemnification obligations. If we are found to have materially breached such agreements, we could be subject to substantial liabilities, which would harm our financial condition.

From time to time, we are involved in litigation matters involving the interpretation and application of complex terms and conditions of our agreements. One or more disputes may arise or escalate in the future regarding our collaboration agreements, transaction documents, or third-party license agreements that may ultimately result in costly litigation and unfavorable interpretation of contract terms, which would have a material adverse effect on our business, financial condition and results of operations.

We may not be able to obtain intellectual property licenses related to the development of our biologic candidates on a commercially reasonable basis, if at all.

Numerous pending and issued U.S. and foreign patent rights and other proprietary rights owned by third parties relate to pharmaceutical compositions, methods of preparation and manufacturing, and methods of use and administration. We cannot predict with any certainty which, if any, patent rights will be considered relevant to our or our collaboration partners' technology or biologic candidates by authorities in the various jurisdictions where such rights exist, nor can we predict with certainty which, if any, of these rights will or may be asserted against us by third parties. In certain cases, we have existing licenses or cross-licenses with third parties; however, the sufficiency of the scope and adequacy of these licenses is very uncertain in view of the long development and commercialization cycles for biotechnology and pharmaceutical products. There can be no assurance that we can obtain a license to any technology that we determine we need on reasonable terms, if at all, or that we could develop or otherwise obtain alternate technology to avoid a need to secure a license. If we are required to enter into a license with a third party, our potential economic benefit for the products subject to the license will be diminished. If a license is not available on commercially reasonable terms or at all, we may be prevented from developing and commercializing the biologic, which could significantly harm our business, results of operations, and financial condition.

If any of our pending patent applications do not issue, or are deemed invalid following issuance, we may lose valuable intellectual property protection.

The patent positions of pharmaceutical and biotechnology companies, such as ours, are uncertain and involve complex legal and factual issues. We own more than 270 U.S. and 1,250 foreign patents and have a number of pending patent applications that cover various aspects of our technologies. There can be no assurance that patents that have issued will be held valid and enforceable in a court of law. Even for patents that are held valid and enforceable, the legal process associated with obtaining such a judgment is time consuming and costly. Additionally, issued patents can be subject to opposition, *inter partes* review, re-examinations or other proceedings that can result in the revocation of the patent or maintenance of the patent in amended form (and potentially in a form that renders the patent without commercially relevant and/or broad coverage). Further, our competitors may be able to circumvent and otherwise design around our patents. Even if a patent is issued and enforceable, because development and commercialization of pharmaceutical products can be subject to substantial delays, patents may expire prior to the commercialization of the biologic. Moreover, even if a patent encompassing a biologic has not expired prior to the biologic's commercialization, the patent may only provide a short period of protection following the commercialization of the covered product. In addition, our patents may be subject to post grant proceedings, such as *inter partes* review and re-examinations, before the U.S. Patent and Trademark Office (or equivalent proceedings in other jurisdictions), which could result in a loss of the patent and/or substantial cost to us.

We have filed patent applications, and plan to file additional patent applications, covering various aspects of our PEGylation and advanced polymer conjugate technologies and our biologic candidates. There can be no assurance that the patent applications for which we apply will actually issue as patents, or do so with commercially relevant and/or broad coverage. The coverage claimed in a patent application can be significantly reduced before the patent is issued. The scope of our claim coverage can be critical to our ability to enter into licensing transactions with third parties and our right to receive royalties from our collaboration partnerships. Since publication of discoveries in scientific or patent literature often lags behind the date of such discoveries, we cannot be certain that we were the first inventor of inventions covered by our patents or patent applications. In addition, there is no guarantee that we will be the first to file a patent application directed to an invention.

An adverse outcome in any judicial proceeding involving intellectual property, including patents, could subject us to significant liabilities to third parties, require disputed rights to be licensed from or to third parties or require us to cease using the technology in dispute. In those instances where we seek an intellectual property license from another, we may not be able to obtain the license on a commercially reasonable basis, if at all, thereby raising concerns on our ability to freely commercialize our technologies or products.

We rely on trade secret protection and other unpatented proprietary rights for important proprietary technologies, and any loss of such rights could harm our business, results of operations and financial condition.

We rely on trade secret protection and other unpatented proprietary rights for our confidential and proprietary information. No assurance can be given that others will not independently develop substantially equivalent confidential and proprietary information or otherwise gain access to our trade secrets or disclose such technology, or that we can meaningfully protect our trade secrets. In addition, unpatented proprietary rights, including trade secrets and know-how, can be difficult to protect and may lose their value if they are independently developed by a third party or if their secrecy is lost. Any loss of trade secret protection or other unpatented proprietary rights could harm our business, results of operations and financial condition.

If product liability lawsuits are brought against us, we may incur substantial liabilities.

The manufacture, clinical testing, marketing and sale of medical products involve inherent product liability risks. If product liability costs exceed our product liability insurance coverage (or if we cannot secure product liability insurance), we may incur substantial liabilities that could have a severe negative impact on our financial position. Whether or not we are ultimately successful in any product liability litigation, such litigation would consume substantial amounts of our financial and managerial resources and might result in adverse publicity, all of which would impair our business. Additionally, we may not be able to maintain our clinical trial insurance or product liability insurance at an acceptable cost, if at all, and this insurance may not provide adequate coverage against potential claims or losses.

If we or current or future collaborators or service providers fail to comply with healthcare laws and regulations, we or they could be subject to enforcement actions and civil or criminal penalties.

Although we do not currently have any products on the market, once we begin commercializing our biologic candidates, if approved, we will be subject to additional healthcare statutory and regulatory requirements and enforcement by the federal and state governments of the jurisdictions in which we conduct our business. Healthcare providers, physicians and third-party payers play a primary role in the recommendation and prescription of any biologic candidates for which we obtain marketing approval. Our current and future arrangements with third-party payers and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute our therapeutic candidates for which we obtain marketing approval. For more information, see "Business – Government Regulation - Other Healthcare Laws and Regulations."

Ensuring that our future business arrangements with third parties comply with applicable healthcare laws and regulations could involve substantial costs. If our operations are found to be in violation of any such requirements, we may be subject to penalties, including administrative, civil or criminal penalties, imprisonment, monetary damages, the curtailment or restructuring of our operations, or exclusion from participation in government contracting, healthcare reimbursement or other government programs, including Medicare and Medicaid, any of which could adversely affect financial results. Although effective compliance programs can mitigate the risk of investigation and prosecution for violations of these laws, these risks cannot be entirely eliminated. Any action against us for an alleged or suspected violation could cause us to incur significant legal expenses and could divert our management's attention from the operation of our business, even if our defense is successful. In addition, achieving and sustaining compliance with applicable laws and regulations may be costly to us in terms of money, time and resources.

Healthcare legislative or regulatory reform measures may have a negative impact on our business and results of operations.

The U.S. and many foreign jurisdictions have enacted or proposed legislative and regulatory changes affecting the healthcare system. The U.S. government, state legislatures and foreign governments also have shown significant interest in implementing cost-containment programs to limit the growth of government- paid healthcare costs, including price controls, restrictions on reimbursement and requirements for substitution of generic products for branded prescription drugs. Governmental policy can also change the commercial potential of our product candidates, including efforts to increase patient access to lower-cost generic and biosimilar drugs. For example, on July 9, 2021, President Biden issued an executive order directing the FDA to, among other things, continue to clarify and improve the approval framework for generic drugs and biosimilars, including the standards for interchangeability of biological products, facilitate the development and approval of biosimilar and interchangeable products, clarify existing requirements and procedures related to the review and submission of BLAs, and identify and address any efforts to impede generic drug and biosimilar competition. Additional changes that may affect our business include those governing enrollment in federal healthcare programs, reimbursement changes, rules regarding prescription drug benefits under the health insurance exchanges and fraud and abuse and enforcement. Continued implementation of the Affordable Care Act and the passage of additional laws and regulations may result in the expansion of new programs such as Medicare payment for performance initiatives, and may impact existing government healthcare programs, such as by improving the physician quality reporting system and feedback program. For more information regarding the risks related to recently enacted and future legislation please see "*Business – Government Regulation – Legislative and Regulatory Landscape*."

We expect that additional U.S. federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that the U.S. federal government will pay for healthcare drugs and services, which could result in reduced demand for our drug candidates or additional pricing pressures. Individual states in the United States have also become increasingly active in passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain drug access and marketing cost disclosure and transparency measures, and designed to encourage importation from other countries and bulk purchasing. Legally mandated price controls on payment amounts by third-party payors or other restrictions could harm our business, financial condition, results of operations and prospects. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other

healthcare programs. This could reduce the ultimate demand for our drugs or put pressure on our drug pricing, which could negatively affect our business, financial condition, results of operations and prospects.

Disruptions to the normal functioning of the FDA and other government agencies could hinder their ability to perform and carry out important roles and activities on which the operation of our business relies, which could negatively impact our business.

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel and accept the payment of user fees, and statutory, regulatory, and policy changes. In the past, average review times at the agency have fluctuated, and this may continue in the future. In addition, government funding of other agencies on which our operations may rely is subject to the political process, which is inherently fluid and unpredictable.

In addition, government shutdowns, if prolonged, could significantly impact the ability of government agencies upon which rely (such as the FDA and SEC) to timely review and process our regulatory submissions, which could have a material adverse effect on our business. Disruptions at the FDA and other agencies may slow the time necessary for new product candidates to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business. Further, future government shutdowns could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations.

Since March 2020, when foreign and domestic inspections were largely placed on hold due to the COVID-19 pandemic, the FDA has been working to resume pre-pandemic levels of inspection activities, including routine surveillance, bioresearch monitoring and pre-approval inspections. Should the FDA determine that an inspection is necessary for approval and an inspection cannot be completed during the review cycle due to restrictions on travel, and the FDA does not determine a remote interactive evaluation to be adequate, the FDA has stated that it generally intends to issue, depending on the circumstances, a complete response letter or defer action on the application until an inspection can be completed. During the COVID-19 pandemic, a number of companies announced receipt of complete response letters due to the FDA's inability to complete required inspections for their applications. Regulatory authorities outside the U.S. may adopt similar restrictions or other policy measures in response to the COVID-19 pandemic and may experience delays in their regulatory activities.

We are involved in legal proceedings and may incur substantial litigation costs and liabilities that will adversely affect our business, financial condition and results of operations.

From time to time, we are involved in legal proceedings where we or other third parties are enforcing or seeking intellectual property rights, invalidating or limiting patent rights that have already been allowed or issued, or otherwise asserting proprietary rights through one or more potential legal remedies. Third parties have asserted, and may in the future assert, that we or our partners infringe their proprietary rights, such as patents and trade secrets, or have otherwise breached our obligations to them. A third party often bases its assertions on a claim that its patents cover our technology platform or biologic candidates or that we have misappropriated its confidential or proprietary information. Similar assertions of infringement could be based on future patents that may issue to third parties. In certain of our agreements with our partners, we are obligated to indemnify and hold harmless our collaboration partners from intellectual property infringement, product liability and certain other claims, which could cause us to incur substantial costs and liability if we are called upon to defend ourselves and our partners against any claims. We are also regularly involved in opposition proceedings at the European Patent Office and in *inter partes* review and re-examination proceedings at the U.S. Patent and Trademark Office where third parties seek to invalidate or limit the scope of our allowed patent applications or issued patents covering (among other things) our biologic candidates and platform technologies. If a third party obtains injunctive or other equitable relief against us or our partners, they could effectively prevent us, or our partners, from developing or commercializing, or deriving revenue from, certain biologics or biologic candidates in the U.S. and abroad. Costs associated with litigation, substantial damage claims, indemnification claims or royalties paid for licenses from third parties could have a material adverse effect on our business, financial condition and results of operations.

From time to time, we may also be involved in legal proceedings other than those related to intellectual property, including securities actions or derivative actions or other complaints.

On August 7, 2023, we filed a complaint in the United States District Court for the Northern District of California against Lilly alleging, among other claims, breach of contract and breach of implied covenant of good faith and fair dealing, in connection with our collaboration with Lilly.

The cost to us in initiating or defending any litigation or other proceeding, even if resolved in our favor, could be substantial, and litigation would divert our management's attention. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could delay our research and development efforts or result in financial implications either in terms of seeking license arrangements or payment of damages or royalties. There is no guarantee that our insurance coverage for damages resulting from any litigation or the settlement would be sufficient and could result in substantial financial risk to the Company.

Given the nature of lawsuits and complaints, we cannot reasonably estimate a potential future loss or a range of potential future losses for any of the legal proceedings we may be involved in. However, an unfavorable resolution could potentially have a material adverse effect on our business, financial condition, and results of operations or prospects, and potentially result in paying monetary damages. We have recorded no liability for any litigation matters in our Consolidated Balance Sheets at September 30, 2023.

If we are found in violation of privacy and data protection laws, we may be required to pay penalties, be subjected to scrutiny by regulators or governmental entities, or be suspended from participation in government healthcare programs, which may adversely affect our business, financial condition and results of operations.

Our business is subject to many laws and regulations intended to protect the privacy and data of individuals participating in our clinical trials and our employees, among others. For example, with regard to individuals participating in our clinical trials, these laws and regulations govern the safeguarding the privacy, integrity, availability, security and transmission of individually identifiable health information. In addition to federal laws and regulations in the United States, such as the HIPAA requirements relating to the privacy, security and transmission of individually identifiable health information, many state and foreign laws also govern the privacy and security of health information. These laws often differ from each other in significant ways, thus complicating compliance efforts. The global data protection landscape is rapidly evolving, and implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future.

In the United States, California recently enacted the California Consumer Privacy Act (CCPA), which took effect on January 1, 2020. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA has increased our compliance costs and may increase our potential liability. The CCPA has prompted a number of proposals for new federal and state privacy legislation. If passed, these proposals could increase our potential liability, increase our compliance costs and adversely affect our business.

The European Regulation 2016/679, known as the General Data Protection Regulation (GDPR), and the implementing legislation of EU Member States, which became effective on May 25, 2018, apply to the collection and processing of personal data, including health-related information, by companies located in the EU, or in certain circumstances, by companies located outside of the EU and processing personal information of individuals located in the EU. The GDPR is wide-ranging in scope and imposes strict obligations on the ability to process personal data, including health-related information, in particular in relation to their collection, use, disclosure and transfer. These include several requirements relating to, for example, (i) obtaining, in some situations, the consent of the individuals to whom the personal data relates, (ii) the information provided to the individuals about how their personal information is used, and (iii) ensuring the security and confidentiality of the personal data. The GDPR prohibits the transfer of personal data to countries outside of the European Economic Area (EEA), such as the United States, which are not considered by the European Commission to provide an adequate level of data protection. Potential pecuniary fines for noncompliant companies may be up to the greater of €20 million or 4% of annual global revenue.

To the extent that we are found liable for the inappropriate collection, storage, use or disclosure of protected information of individuals (such as employees and/or clinical patients protected by any privacy or data protection law), we could be subject to reputational harm, monetary fines (such as those imposed by the GDPR and CCPA), civil suits, civil penalties or criminal sanctions and requirements to disclose the breach, and the development of our biologic candidates could be delayed. In addition, we continue to be subject to new and evolving data protection laws and regulations from a variety of jurisdictions, and there is a risk that our systems and processes for managing and protecting data may be found to be inadequate, which could materially adversely affect our business, financial condition and results of operations.

Our operations may involve hazardous materials and are subject to environmental, health, and safety laws and regulations. Compliance with these laws and regulations is costly, and we may incur substantial liability arising from our activities involving the use of hazardous materials.

As a research-based biopharmaceutical company with significant research and development and manufacturing operations, we are subject to extensive environmental, health, and safety laws and regulations, including those governing the use of hazardous materials. Our research and development and manufacturing activities involve the controlled use of chemicals, radioactive compounds, and other hazardous materials. The cost of compliance with environmental, health, and safety regulations (including, but not limited to, the handling and disposal of both our hazardous and non-hazardous waste) is substantial. If an accident involving these materials or an environmental discharge were to occur, we could be held liable for any resulting damages, or face regulatory actions, which could exceed our resources or insurance coverage.

Risk related to Investment and Securities

We have received a notice of delisting or failure to satisfy a continued listing rule from Nasdaq. We may not be able to maintain the listing of our common stock on Nasdaq, which could adversely affect our stock price, the flexibility of our investors to sell our common stock in the secondary market, and our ability to raise capital.

On May 26, 2023, we received a notice from the Nasdaq Listing Qualifications Department of The Nasdaq Global Select Market stating that we were not in compliance with Nasdaq Listing Rule 5450(a)(1) (the Minimum Bid Price Rule) because the Company's common stock did not maintain a minimum closing bid price of $1.00 per share for 30 consecutive business days. The notice has no immediate effect on the Nasdaq listing or trading of the Company's common stock. In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has been given an initial 180 calendar days period, or until November 22, 2023, to regain compliance with the Minimum Bid Price Rule. If at any time before November 22, 2023, the bid price of the Company's common stock closes at $1.00 per share or more for a minimum of ten consecutive business days, Nasdaq will provide written confirmation that the Company has achieved compliance with the Minimum Bid Price Rule. If the Company does not regain compliance with the Minimum Bid Price Rule by November 22, 2023, the Company may be eligible for a second 180 calendar days period to regain compliance. To qualify, the Company would be required to transfer to The Nasdaq Capital Market and to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, except for the bid price requirement. In addition, the Company would be required to provide written notice of its intention to cure the deficiency during the second compliance period by effecting a reverse stock split if necessary. If Nasdaq determines that the Company will not be able to cure the deficiency, or if the Company is otherwise not eligible for such additional compliance period, the Company's common stock will be subject to delisting. The Company will have the right to appeal a delisting determination and the Company's common stock will remain listed on Nasdaq until the completion of the appeal process.

While the Company continues to evaluate all available options, if it cannot regain compliance with the Minimum Bid Price Rule before November 22, 2023, it intends to qualify for the second 180-days compliance period. However, there can be no assurance that it will be able to regain compliance with the applicable rules during the initial compliance period, any subsequent compliance period, or at all, or that the Company will otherwise remain in compliance with the other listing standards for Nasdaq. If we are unable to regain compliance in a timely manner, our common stock may become delisted. Any such delisting could adversely affect the price of our common stock and make it more difficult for investors to sell our common stock in the secondary

market. In addition, a delisting of our common stock could significantly harm our ability to raise capital necessary to continue our operations.

The price of our common stock has, and may continue to fluctuate significantly, which could result in substantial losses for investors and securities class action and shareholder derivative litigation.

Our stock price is volatile. During the three months ended September 30, 2023, based on closing prices on the NASDAQ Global Select Market, the closing price of our common stock ranged from $0.51 to $1.05 per share. In response to volatility in the price of our common stock in the past, plaintiffs' securities litigation firms have sought information from us and/or shareholders as part of their investigation into alleged securities violations and breaches of duties (among other corporate misconduct allegations). Following their investigations, plaintiffs' securities litigation firms have often initiated legal action, including the filing of class action lawsuits, derivative lawsuits, and other forms of redress. We expect our stock price to remain volatile and we continue to expect the initiation of legal actions by plaintiffs' securities litigation firms following share price fluctuations. A variety of factors may have a significant effect on the market price of our common stock, including the risks described in this section titled "Risk Factors" and the following:

- announcement of our 2022 Restructuring Plan and 2023 Restructuring Plan;
- announcements of data from, or material developments in, our clinical studies and those of our collaboration partners, including data regarding efficacy and safety, delays in clinical development, regulatory approval or commercial launch – in particular, the results from clinical studies of bempegaldesleukin has had a significant impact on our stock price;
- the timing of outcomes from our clinical trials which can be difficult to predict particularly for clinical studies that have event-driven end points such as progression-free survival and overall survival;
- announcements by collaboration partners as to their plans or expectations related to biologic candidates and approved biologics in which we have a substantial economic interest;
- announcements regarding terminations or disputes under our collaboration agreements;
- fluctuations in our results of operations;
- developments in patent or other proprietary rights, including intellectual property litigation or entering into intellectual property license agreements and the costs associated with those arrangements;
- announcements of technological innovations or new therapeutic products that may compete with our approved partnered products or products under development;
- announcements of changes in governmental regulation affecting us or our competitors;
- litigation brought against us or third parties to whom we have indemnification obligations;
- public concern as to the safety of drug formulations developed by us or others;
- our financing needs and activities; and
- general economic, industry and market conditions, including the impacts of rising inflation and interest rates and global geopolitical tensions.

At times, our stock price has been volatile even in the absence of significant news or developments. The stock prices of biotechnology companies and securities markets generally have been subject to dramatic price swings in recent years. In addition, as a result of our lower stock price, we are no longer a well-known seasoned issuer, which otherwise would allow us to, among other things, file automatically effective shelf registration statements. As a result, any attempt to access the public capital markets will be more expensive and subject to delays.

We have implemented certain anti-takeover measures, which make it more difficult to acquire us, even though such acquisitions may be beneficial to our stockholders.

Provisions of our certificate of incorporation and bylaws, as well as provisions of Delaware law, could make it more difficult for a third party to acquire us, even though such acquisitions may be beneficial to our stockholders. These anti-takeover provisions include:

- establishment of a classified board of directors such that not all members of the board may be elected at one time;
- lack of a provision for cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- the ability of our board to authorize the issuance of "blank check" preferred stock to increase the number of outstanding shares and thwart a takeover attempt;
- prohibition on stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of stockholders;
- establishment of advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; and
- limitations on who may call a special meeting of stockholders.

Further, provisions of Delaware law relating to business combinations with interested stockholders may discourage, delay or prevent a third party from acquiring us. These provisions may also discourage, delay or prevent a third party from acquiring a large portion of our securities or initiating a tender offer or proxy contest, even if our stockholders might receive a premium for their shares in the acquisition over the then-current market prices. We also have a change of control severance benefit plan, which provides for certain cash severance, stock award acceleration and other benefits in the event our employees are terminated (or, in some cases, resign for specified reasons) following an acquisition. This severance plan could discourage a third party from acquiring us.

General Risk Factors

We significantly rely on information technology systems, and any failure, inadequacy, interruption, breach, or security lapse of that technology within our internal computer systems, or those of our partners, vendors, CROs, CMOs or other contractors or consultants, may result in a material disruption of our development programs and our operations.

As part of our business, we collect, store and transmit large amounts of confidential information, proprietary data, intellectual property and personal data. Despite the implementation of security measures, our internal computer systems and those of our partners, vendors, contract research organizations (CROs), contract manufacturing organizations (CMOs) and other contractors and consultants are vulnerable to loss, damage, denial-of-service, unauthorized access, or misappropriation. Such cybersecurity breaches may be the result of unauthorized activity by our employees and contractors, as well as by third parties who use cyberattack techniques involving malware, hacking and phishing, among others. Additionally, the risk of cyber-attacks or other privacy or data security incidents may be heightened as a result of an increase in the number of employees who adopted a remote working environment during the COVID-19 pandemic, which may be less secure and more susceptible to hacking attacks. Our information technology systems, and those of our partners, vendors, CROs, CMOs or other contractors or consultants are also vulnerable to natural disasters, terrorism, war and telecommunication and electrical failures. Any such compromise or disruption, no matter the origin, may cause an interruption of our operations. For instance, the loss of preclinical data or data from any clinical trial involving our biologic candidates could result in delays in our development and regulatory filing efforts and significantly increase our costs. In addition, the loss, corruption or unauthorized disclosure of our trade secrets, personal data or other proprietary or sensitive information could compromise the commercial viability of one or more of our programs, which would negatively affect our business. Also, the costs to us to investigate and mitigate cybersecurity incidents could be significant.

Changes in tax law could adversely affect our business and financial condition.

Our business is subject to numerous international, federal, state, and other governmental laws, rules, and regulations that may adversely affect our operating results, including, taxation and tax policy changes, tax rate changes, new tax laws, or revised tax law interpretations, which individually or in combination may cause our effective tax rate to increase. In the U.S., the rules dealing with federal, state, and local income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department. Changes to tax laws (which changes may have retroactive application) could adversely affect us or holders of our common stock. In recent years, such changes have been made and changes are likely to continue to occur in the future. Future changes in tax laws could have a material adverse effect on our business, cash flow, financial condition or results of operations.

Global economic and political conditions may negatively affect us and may magnify certain risks that affect our business.

Our operations and performance may be affected by global economic conditions, including, for example, adverse global economic conditions resulting from the COVID-19 pandemic. (see also the risk factor in this Item 1A titled "*Our business could be adversely affected by the effects of health epidemics, including the recent COVID-19 pandemic*") as well as uncertainty surrounding the effect of Brexit and potential changes to the regulatory and legal regimes governing the United Kingdom and its relationship with the European Union, which could create new regulatory costs and challenges for us and our collaboration partners. In addition, our operations and performance may be affected by political or civil unrest or military action, terrorist activity, and unstable governments and legal systems. For example, in late February 2022, Russia commenced a military invasion of Ukraine, and the sustained conflict in Ukraine, including the potential effects of sanctions and retaliatory cyber-attacks on the world economy and markets, has contributed to increased market volatility and uncertainty. In particular, sanctions imposed by the U.S., EU and other countries in response to the conflict between Russia and Ukraine and the potential response to such sanctions may have an adverse impact on our business, including our clinical trials, the financial markets and the global economy. In addition, in October 2023, conflicts arose in Israel and Gaza following terrorist attacks in Israel. As the conflicts between Ukraine and Russia and in Israel and Gaza continue, further sanctions, retaliatory attacks, market volatility and uncertainty may occur, any of which could have a material adverse effect on our business.

As a result of global economic and political conditions, some third-party payers may delay or be unable to satisfy their reimbursement obligations. Job losses or other economic hardships may also affect patients' ability to afford healthcare as a result of increased co-pay or deductible obligations, greater cost sensitivity to existing co-pay or deductible obligations, lost healthcare insurance coverage or for other reasons. Our ability to conduct clinical trials in regions experiencing political or civil unrest could negatively affect clinical trial enrollment or the timely completion of a clinical trial. We believe the aforementioned economic conditions have led and could continue to lead to reduced demand for our and our collaboration partners' drug products, which could have a material adverse effect on our product sales, business and results of operations.

Further, with rising international trade tensions or sanctions, our business may be adversely affected following new or increased tariffs that result in increased global clinical trial costs as a result of international transportation of clinical drug supplies, as well as the costs of materials and products imported into the U.S. Tariffs, trade restrictions or sanctions imposed by the U.S. or other countries could increase the prices of our and our collaboration partners' drug products, affect our and our collaboration partners' ability to commercialize such drug products, or create adverse tax consequences in the U.S. or other countries. As a result, changes in international trade policy, changes in trade agreements and the imposition of tariffs or sanctions by the U.S. or other countries could materially adversely affect our results of operations and financial condition.

Our business could be negatively impacted by corporate citizenship and sustainability matters.

There is an increased focus from certain investors, employees, and other stakeholders concerning corporate citizenship and sustainability matters, which include environmental concerns and social investments. We could fail to meet, or be perceived to fail to meet, the expectations of these certain investors, employees and other stakeholders concerning corporate citizenship and sustainability matters, thereby resulting in a negative impact to our business.

If earthquakes or other catastrophic events strike, our business may be harmed.

Our corporate headquarters, including a substantial portion of our research and development operations, are located in the San Francisco Bay Area, a region known for seismic activity and a potential terrorist target. In addition, we own facilities for the manufacture of products using our advanced polymer conjugate technologies in Huntsville, Alabama and own and lease offices in Hyderabad, India. There are no backup facilities for our manufacturing operations located in Huntsville, Alabama. In the event of an earthquake or other natural disaster, political instability, civil unrest, or terrorist event in any of these locations, our ability to manufacture and supply materials for biologic candidates in development and our ability to meet our manufacturing obligations to our customers would be significantly disrupted and our business, results of operations and financial condition would be harmed. Our collaboration partners and important vendors and suppliers to us or our collaboration partners may also be subject to catastrophic events, such as earthquakes, floods, hurricanes, tornadoes and pandemics any of which could harm our business (including, for example, by disrupting supply chains important to the success of our business), results of operations and financial condition. We have not undertaken a systematic analysis of the potential consequences to our business, results of operations and financial condition from a major earthquake or other catastrophic event, such as a fire, sustained loss of power, terrorist activity or other disaster, and do not have a recovery plan for such disasters. In addition, our insurance coverage may not be sufficient to compensate us for actual losses from any interruption of our business that may occur.

em 2. Unregistered Sales of Equity Securities and Use of Proceeds

None, including no purchases of any class of our equity securities by us or any affiliate pursuant to any publicly announced repurchase plan in the three months ended September 30, 2023.

em 3. Defaults Upon Senior Securities

None.

em 4. Mine Safety Disclosures

Not applicable.

em 5. Other Information

None.

em 6. Exhibits

Except as so indicated in Exhibit 32.1, the following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Exhibit Number	Description of Documents
3.1(1)	Certificate of Incorporation of Inhale Therapeutic Systems (Delaware), Inc.
3.2(2)	Certificate of Amendment of the Amended Certificate of Incorporation of Inhale Therapeutic Systems, Inc.
3.3(3)	Certificate of Ownership and Merger of Nektar Therapeutics.
3.4(4)	Certificate of Ownership and Merger of Nektar Therapeutics AL, Corporation with and into Nektar Therapeutics.
3.5(5)	Amended and Restated Bylaws of Nektar Therapeutics.
10.1(6)	Letter Agreement dated as of September 6, 2023 by and between Bristol-Myers Squibb and Company and Nektar Therapeutics.+
31.1(6)	Certification of Nektar Therapeutics' principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a).
31.2(6)	Certification of Nektar Therapeutics' principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a).
32.1*	Section 1350 Certifications.
101.SCH(6)	Inline XBRL Taxonomy Extension Schema Document.
101.CAL(6)	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB(6)	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE(6)	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF(6)	Inline XBRL Taxonomy Extension Definition Linkbase Document.
104(6)	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

1.Incorporated by reference to Exhibit 3.1 to Nektar Therapeutics' Quarterly Report on Form 10-Q, for the quarter ended June 30, 1998.
2.Incorporated by reference to Exhibit 3.3 to Nektar Therapeutics' Quarterly Report on Form 10-Q, for the quarter ended June 30, 2000.
3.Incorporated by reference to Exhibit 3.1 to Nektar Therapeutics' Current Report on Form 8-K, filed with the SEC on January 23, 2003.

4.Incorporated by reference to Exhibit 3.6 to Nektar Therapeutics' Annual Report on Form 10-K, for the year ended December 31, 2009.

5.Incorporated by reference to Exhibit 3.1 to Nektar Therapeutics' Current Report on Form 8-K, filed with the SEC on December 21, 2020.

6.Filed herewith.

* Exhibit 32.1 is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall such exhibit be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933, as amended, or the Securities Exchange Act, except as otherwise stated in such filing.

+ Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit in accordance with the rules of the Securities and Exchange Commission.

++ Management contract or compensatory plan or arrangement.

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.

By: /s/ SANDRA GARDINER

Sandra Gardiner
Interim Chief Financial Officer
(Principal Financial Officer)
Date: November 7, 2023

Exhibit 10.1

Confidential

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE IT IS NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

Bristol-Myers Squibb Company
Route 206 & Province Line Road
Princeton, NJ 08543

September 6, 2023

Nektar Therapeutics
455 Mission Bay Boulevard South
San Francisco, CA 94158
Attention: Chief Medical Officer

Reference is made to that certain Strategic Collaboration Agreement, dated as of February 13, 2018, by and between Nektar Therapeutics, a Delaware corporation, headquartered at 455 Mission Bay Boulevard South, Suite 100, San Francisco, California 94158 ("***Nektar***"), and Bristol-Myers Squibb Company, a Delaware corporation, headquartered at 430 East 29th Street, 14th Floor, New York, New York 10016 ("***BMS***"), as amended by Amendment No. 1 dated as of January 9, 2020 and Amendment No. 2 dated as of January 12, 2022 (the "***Collaboration Agreement***") pursuant to which the Parties agreed to collaborate in the Development of NKTR-214. Unless otherwise defined in this letter agreement ("***Letter Agreement***"), capitalized terms used herein have the meanings provided in the Collaboration Agreement. Nektar and BMS are referred to herein collectively as the "***Parties***."

On April 14, 2022, the Parties jointly decided to end the global clinical development program for NKTR-214 in combination with nivolumab based on results from pre-planned analyses of two late-stage clinical studies of NKTR-214 in combination with nivolumab. In addition, the Parties have mutually agreed to discontinue their further joint Development of NKTR-214 and desire to terminate the Collaboration Agreement and to clarify certain terms and conditions governing the Parties' respective rights and obligations following such termination as set forth in this Letter Agreement.

In consideration of the mutual covenants contained in this Letter Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1.**Termination of Collaboration Agreement and Ancillary Agreements**. Subject to the terms and conditions set forth in this Letter Agreement, the Parties hereby agree to terminate (a) the Collaboration Agreement in its entirety, (b) that certain Supply Agreement, effective as of November 18, 2016, by and between the Parties, and (c) that certain Quality Agreement, dated as of December 16, 2016, by and between the Parties, in each case effective as of the date hereof (the "***Termination Date***"). The Parties hereby further agree to terminate with effect as of December 31, 2022, the tax Partnership contemplated in Section 9.8 (*Certain Tax Matters*) of the Collaboration Agreement and

formalized in the Tax Matters Agreement entered into by the Parties and having an effective date as of April 18, 2019. The Parties acknowledge and agree that such terminations (i.e., the terminations of Collaboration Agreement, Supply Agreement and Quality Agreement, and the termination of the tax Partnership (and not a termination of the Tax Matters Agreement)) are being effected by the mutual agreement of the Parties and neither Party is, by this Letter Agreement or otherwise, exercising any right of termination pursuant to Section 16.2 (*Termination for Material Breach*), Section 16.3 (*Termination for Bankruptcy*), Section 16.4 (*Termination or Suspension of Collaboration Study due to Material Safety Issue or Clinical Hold*), and/or Section 16.5 (*BMS Right to Terminate Without Cause*) of the Collaboration Agreement or pursuant to any other termination right expressly stated in the Collaboration Agreement. Accordingly, and subject to the remainder of this Letter Agreement, Section 16.6(a) (*Termination for Any Reason*) (and not Section 16.6(b) (*BMS Termination for Convenience; Nektar Termination for Cause*) or Section 16.6(c) (*BMS Termination for Cause*)) of the Collaboration Agreement shall apply.

2.**Wind Down**. Following the April 14, 2022, announcement that the Parties had jointly decided to end the global clinical development program for NKTR-214 in combination with nivolumab, the Parties began winding down all Collaboration Studies and Independent Studies, and [***], the Parties have made substantial progress in winding down these studies. The status of the wind down activities [***], is set forth in Exhibit A attached hereto (the "***Wind Down Status***"). Notwithstanding Section 16.6(a)(vi) (*Wind Down*) of the Collaboration Agreement, until all activities associated with winding down all of the Collaboration Studies and Independent Studies as set forth in Exhibit A, as may be updated by the mutual written agreement of the Parties from time to time (the "***Wind Down Activities***") have been completed, the Parties shall [***] perform and complete Wind Down Activities in accordance with the surviving provisions of the Collaboration Agreement as set forth in paragraph 3 (*Surviving Provisions*), and to conduct and complete any and all Wind Down Activities.

3.**Surviving Provisions**. Without limiting Section 16.7 (*Survival*) of the Collaboration Agreement (except as amended by this paragraph 3 and by paragraph 4), the following Articles and Sections of the Collaboration Agreement and all definitions relating thereto shall also survive termination of the Collaboration Agreement until all Wind Down Activities are completed and solely as necessary or useful for the Parties to perform their obligations and exercise their rights with respect to the Wind Down Activities: Section 2.2. (*Joint Executive Committee*) (subject to this paragraph 3 and by paragraph 4), Section 2.3 (*Responsibilities of the JEC*), Section 3.1(c), Section 3.2(f) (*Collaboration Study Management*), Section 3.5 (*Alliance Managers*), Section 3.7(c) (*Dispute Resolution*), Section 3.8 (*Final Decision-Making Authority of the Parties*), Section 9.6 (*Joint Finance Committee*) (subject to this paragraph 3 and by paragraph 4), Section 10.2 (*Regulatory Authority Inspection*), Section 11.3(a) (*Development Sublicensing*) (except the last sentence thereof) and Section 11.3(c) (*Sublicensing*) (solely with respect to the Development licenses under Section 11.1(a) (*Development License*) and 11.2(a) (*Development License*) as provided for in Section 16.6(a)(vi) (*Wind Down*)), Section 15.1 (*Dispute Resolution*), and Section 15.3 (*Arbitration Matters*). Furthermore, any other provisions required to interpret the Parties' rights and obligations under this Letter

Agreement shall survive to the extent required. For clarity, for purposes of Section 16.7 (*Survival*) of the Collaboration Agreement, the Parties' conduct of the Wind Down Activities shall be deemed to be "performing Development activities pursuant to Section 16.6" or "winding-down Development activities under" the Collaboration Agreement. In addition, Section 16.7 (*Survival*) is hereby amended to delete the following Sections from the list of provisions that survive expiration or termination of the Collaboration Agreement: Section 6.4(c), Section 8.1 (*Joint Commercialization*), Section 8.6 (*Final Decision Making Authority of the Parties*), Section 8.7 (*Pricing*), Section 8.8 (*Booking of Sales*), Section 8.9 (*Commercialization*), Section 8.10 (*Trademarks*), Section 8.11 (*Sales Representatives*), Section 8.13 (*Returns*), Section 8.14 (*Recalls*), Section 8.15 (*Medical Inquiries*), Section 8.16 (*Events Affecting Integrity or Reputation*), Section 9.4(a) (*Global Commercial Profit Sharing*), Section 9.5 (*Calculation and Payment of Net Profit/Net Loss Share*), Section 16.6(b) (*BMS Termination for Convenience; Nektar Termination for Cause*), and 16.6(c) *(BMS Termination for Cause*).

4.**Wind Down Governance**. To oversee and provide a forum for discussion between the Parties with respect to the Wind Down Activities and the continued sharing of Development Costs between the Parties in a manner consistent with Sections 9.7(a)-(c) (*Procedures For Development Cost Reporting and Reconciliation; Collaboration Studies and Independent Studies*) of the Collaboration Agreement, until the completion of the Wind Down Activities and out-of-pocket costs incurred by Nektar for [***] or [***], the Parties agree that the JEC and the JFC as constituted immediately prior to the Termination Date shall remain in place until completion of all Wind Down Activities; provided that neither the JEC nor JFC shall be required to [***]. The Parties further agree that the JFC shall adopt from time to time mutually agreeable Development Cost Reconciliation Procedures that are updated to take into account the resources available within each party to prepare and produce the reports and calculations necessary for such Development Cost Reconciliation Procedures, it being specifically understood that such updated procedures will allow, among other things, for extension of [***] following the end of each Calendar Quarter, which extension will not, in any event, exceed [***] from the end of such Calendar Quarter, for a Party to provide to the other Party an estimated Collaboration Study Development Costs incurred in accordance with U.S. GAAP during such Calendar Quarter. Any matters within the jurisdiction of the JDC prior to the Termination Date shall instead be referred to the JEC and, to the extent applicable to any Wind Down Activities, the responsibilities of the JDC shall be deemed to be the responsibilities of the JEC during the Wind Down Period.

5.**Mutual Release**. The Parties, on behalf of themselves and on behalf of each of their respective predecessors, successors, assigns, affiliates, agents, advisors, employees, partners, members, managers, directors, officers, principals, shareholders, owners, trustees, representatives and other affiliated or related Persons (the "***Releasing Parties***" and each is referred to herein individually as a "***Releasing Party***"), for good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, hereby irrevocably and unconditionally release, acquit, and forever discharge each other and their respective predecessors, successors, assigns, affiliates, agents, advisors, employees, partners, members, managers, directors, officers, principals, shareholders, owners, trustees,

representatives and other affiliated or related Persons (collectively, the "***Releasees***") from and against any and all claims, demands, charges, costs, rights, liens, agreements, contracts, covenants, actions, suits, causes of action, arbitration, tax assessments, obligations, debts, expenses, attorneys' fees, damages (including direct, indirect, special or consequential damages), judgments, sums of money, accounts, reckonings, bonds, bills, specialties, controversies, indemnities, variances, trespasses, compensation, fines, penalties, losses, orders and liabilities, of whatever kind or nature in law, equity or otherwise, whether now known or unknown, compulsory or permissive, sounding in tort, contract, statutory or regulatory violation or otherwise, suspected or unsuspected, discovered or undiscovered, foreseen or unseen, vested or contingent, accrued or unaccrued, liquidated or unliquidated, asserted or unasserted, matured or unmatured, direct or indirect, derivative or subrogated, individual, class, representative, or other capacity (collectively, "***Claims***"), which any Releasing Party now owns or holds, or has at any time heretofore owned or held, against any Releasees, in each case, arising out of or in any way relating to the negotiation, terms and performance or non-performance of the Collaboration Agreement, and any related ancillary agreement, including the Supply Agreement and Quality Agreement (other than the Tax Matters Agreement) (all of the Claims referred to above in this paragraph 5 are collectively referred to herein as the "***Released Claims***"). Notwithstanding the foregoing, nothing contained in this paragraph 5 shall release or relieve any obligations of any Releasee (as applicable), or any rights of any Releasing Party (as applicable), under this Letter Agreement.

Each Party understands that there is a risk that subsequent to the execution of this Letter Agreement the claims of such Party with respect to the subject matter hereof may be discovered to be greater or less than such Party now expects or anticipates. Each Party assumes this risk and the releases contained herein shall apply to all unknown, undiscovered, or unanticipated results, as well as those known, discovered and anticipated. Each Party expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the California Civil Code and analogous statutes, and any law of any state or territory of the United States, or principle of common law, or the law of any foreign jurisdiction, that is similar, comparable or equivalent to Section 1542 of the California Civil Code with respect to all claims and other rights released in this paragraph 5, and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 of the California Civil Code states as follows, which provides:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

6.**Publications**. The Wind Down Activities include external communications and other disclosures, publications or presentations of Results (collectively, "***Publications***") that are required pursuant to Applicable Law, all of which shall be conducted in accordance with

Section 12.5 (*Press Releases and Publications*) of the Collaboration Agreement and paragraph 7 (*Mutual Non-Disparagement*) below; provided that, except to the extent required by Applicable Laws, BMS shall not make or publish any Publication, or give other forms of disclosure relating to the Nektar Compound, and Nektar shall not make or publish any Publication, or give other forms of disclosure relating to the BMS Compound, in each instance without the other Party's review. Each Party shall provide the other Party with a draft of any such proposed Publication or other disclosure [***] prior to its intended submission for publication or disclosure. Each publishing Party shall consider and implement in good faith any comments thereto provided by the other Party. Upon the non-publishing Party's request, the publishing Party shall remove any and all of the other Party's Confidential Information from the proposed Publication or disclosure. The publishing Party shall also provide the non-publishing Party a copy of the finalized manuscript at the time of the submission. Costs and expenses incurred in connection with any Publications prepared or submitted by a Party on or after [***], shall be the sole responsibility of that Party.

7.**Mutual Non-Disparagement**. Each Party agrees and covenants that it will not make, publish or communicate to any Person or in any public forum (or induce or encourage others to do so) any defamatory or disparaging remarks, comments, or statements concerning any other Party (that is not an Affiliate of such Party) or its Affiliates or its or their businesses, or any of its or their employees or directors. This paragraph 7 does not, in any way, restrict or impede any Party from complying with any Applicable Law, including, for clarity, any regulation or a valid Court Order or order of an authorized Governmental Authority. Each Party agrees and covenants that it shall cause its officers and directors to comply with this paragraph 7. Nothing in this paragraph 7 shall be construed to restrict or impede any Party's ability to make, publish or communicate truthful remarks, comments or statements concerning the other Party's drugs or drug candidates, medical messaging, scientific or clinical data, intellectual property, regulatory interactions, commercial prospects or commercial performance, including, for clarity, in connection with regulatory submissions and communications, patent prosecution or patient education.

8.**Adverse Event Reporting**. Notwithstanding the last sentence of Section 10.8 (*Adverse Event Reporting*) of the Collaboration Agreement, any Pharmacovigilance Agreement in place as of the Termination Date shall survive termination of the Collaboration Agreement and shall continue to apply until either all Wind Down Activities are completed or the parties mutually agree to terminate the Pharmacovigilance Agreement. In the event any applicable Pharmacovigilance Agreement is terminated or otherwise ceases to be in effect prior to completion of all Wind Down Activities, the Parties hereby agree to implement the necessary procedures and practices to ensure that any pharmacovigilance reporting obligations are fulfilled.

9.**Confidential Information**. Notwithstanding Section 12.8 (*Destruction of Confidential Information*) of the Collaboration Agreement, (a) to the extent (and only to such extent) that a Party requires Confidential Information of the other Party then in such first Party's possession to complete the Wind Down Activities, such Party's obligation to promptly return to the other Party such Confidential Information shall apply as of the date such

Confidential Information is no longer required by such first Party to perform the applicable Wind Down Activity; *provided*, *however*, that in any event each Party shall promptly return to the other Party all of such other Party's Confidential Information upon completion of all Wind Down Activities and (b) Article 12 (*Confidentiality*) of the Collaboration Agreement shall survive termination of the Collaboration Agreement for a period of [***] following the completion of all Wind Down Activities.

10.**Representations, Warranties and Covenants**. Each Party hereby makes such representations and warranties contained in Section 13.1 (*Authority and Binding Agreement*), Section 13.2 (*No Conflicts*), Section 13.6 (*No Debarment*), Section 13.7 (*Compliance with Applicable Law*), Section 13.8 (*Compliance with Party Specific Regulations),* Section 13.9 (*Compliance with Internal Compliance Codes*), and Section 13.11(*Ethical Business Practices*) of the Collaboration Agreement effective as of the date of execution of this Letter Agreement.

11.**Indemnification; Limitation of Liability**. Without limiting any other remedy available to each Party, and without limiting Article 14 (*Indemnification*) of the Collaboration Agreement, references to "this Agreement" under Article 14 (*Indemnification*) of the Collaboration Agreement shall be deemed to refer to the Collaboration Agreement and this Letter Agreement.

12.**Costs**. Each Party shall bear its own expenses in connection with the execution and delivery of this Letter Agreement.

13.**Miscellaneous**. The provisions set forth in Article 17 (*Miscellaneous*) of the Collaboration Agreement are incorporated herein by reference and made a part of this Letter Agreement, *mutatis mutandis*, except for Section 17.3 (*Entire Agreement*).

14.**Entire Agreement**. This Letter Agreement constitutes the entire, final and exclusive agreement between the Parties with respect to the subject matter of this Letter Agreement. This Letter Agreement supersedes all prior agreements, whether written or oral, with respect to the subject matter of this Letter Agreement; *provided, however,* that, except as otherwise expressly provided herein, the terms of the Collaboration Agreement that survive its termination remain in effect by their terms; and, *provided, further,* that notwithstanding the preceding proviso, with respect to any conflict between this Letter Agreement, on the one hand, and the surviving provisions of the Collaboration Agreement, on the other hand, the terms and conditions of this Letter Agreement shall control. All Exhibits referred to in this Letter Agreement are intended to be and are hereby specifically incorporated into and made a part of this Letter Agreement.

15.**Counterparts**. This Letter Agreement may be executed in counterparts with the same effect as if both Parties had signed the same document. All such counterparts shall be

deemed an original, shall be construed together, and shall constitute one and the same instrument. Any such counterpart, to the extent delivered by means of .pdf, .tif, .gif, .jpeg or similar attachment to electronic mail (any such delivery, an "***Electronic Delivery***") shall be treated in all manner and respects as an original executed counterpart and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No Party hereto shall raise the use of Electronic Delivery to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of Electronic Delivery as a defense to the formation of a contract, and each Party forever waives any such defense, except to the extent that such defense relates to lack of authenticity.

[*Signature page follows*]

Please confirm by your signature below that this Letter Agreement is acceptable to you.

Sincerely yours,

BRISTOL-MYERS SQUIBB COMPANY

By: /s/Janeen Doyle
Name: Janeen Doyle
Title: SVP, Global Alliances

AGREED AND ACCEPTED:

NEKTAR THERAPEUTICS

By: /s/ Howard W. Robin
Name: Howard W. Robin
Title: President and CEO

By: /s/ Mark Wilson
Name: Mark Wilson
Title: Chief Legal Officer

[Signature Page to Letter Terminating Strategic Collaboration Agreement]

Exhibit A

WIND DOWN ACTIVITIES AND STATUS
(Status of Wind Down Activities as of [***]**)**

[***]

Exhibit 31.1

CERTIFICATIONS

I, Howard W. Robin, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 of Nektar Therapeutics;

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

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

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

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

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

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

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

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

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

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

Date: November 7, 2023

/s/ HOWARD W. ROBIN

Howard W. Robin
Chief Executive Officer, President and Director

Exhibit 31.2

CERTIFICATIONS

I, Sandra Gardiner, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 of Nektar Therapeutics;

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

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

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

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

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

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

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

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

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

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

Date: November 7, 2023

/s/ SANDRA GARDINER

Sandra Gardiner
Interim Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

SECTION 1350 CERTIFICATIONS*

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), Howard W. Robin, Chief Executive Officer, President and Director of Nektar Therapeutics (the "Company"), and Sandra Gardiner, Interim Chief Financial Officer (Principal Financial Officer) of the Company, each hereby certifies that, to the best of his or her knowledge:

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

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

Date: November 7, 2023

/s/ HOWARD W. ROBIN	/s/ SANDRA GARDINER
Howard W. Robin **Chief Executive Officer, President and Director**	**Sandra Gardiner** **Interim Chief Financial Officer** **(Principal Financial Officer)**

* This certification accompanies the Form 10-Q 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 the Company 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.