UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2023

OR

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

For the transition period from _____ to _____

Commission File Number: 001-40703

INVIVYD, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**85-1403134**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1601 Trapelo Road, Suite 178 Waltham, MA	**02451**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (781) 819-0080

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 per share	IVVD	The Nasdaq Global Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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 in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 3, 2023, the registrant had 109,755,624 shares of common stock, $0.0001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

INVIVYD, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(In thousands, except share and per share amounts)

	June 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 121,947	$ 92,076
Marketable securities	176,483	279,915
Prepaid expenses and other current assets	11,556	4,926
Total current assets	309,986	376,917
Property and equipment, net	2,123	2,282
Operating lease right-of-use assets	3,014	3,777
Other non-current assets	291	191
Total assets	$ 315,414	$ 383,167
Liabilities, Preferred Stock and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 4,112	$ 1,517
Accrued expenses	26,744	21,911
Operating lease liabilities, current	1,611	1,559
Other current liabilities	38	44
Total current liabilities	32,505	25,031
Operating lease liabilities, non-current	1,346	2,165
Early-exercise liability	—	1
Total liabilities	33,851	27,197
Commitments and contingencies (Note 9)		
Stockholders' equity (deficit):		
Preferred stock (undesignated), $0.0001 par value; 10,000,000 shares authorized and no shares issued and outstanding at June 30, 2023 and December 31, 2022	—	—
Common stock, $0.0001 par value; 1,000,000,000 shares authorized, 109,570,333 shares issued and outstanding at June 30, 2023; 109,044,046 shares issued and outstanding at December 31, 2022	11	11
Additional paid-in capital	900,549	889,657
Accumulated other comprehensive loss	(22)	(272)
Accumulated deficit	(618,975)	(533,426)
Total stockholders' equity	281,563	355,970
Total liabilities, preferred stock and stockholders' equity	$ 315,414	$ 383,167

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

INVIVYD, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(UNAUDITED)

(In thousands, except share and per share amounts)

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating expenses:				
Research and development[1]	$ 43,618	$ 37,129	$ 70,819	$ 129,164
Acquired in-process research and development[2]	150	—	975	—
Selling, general and administrative	10,107	14,620	21,152	23,324
Total operating expenses	53,875	51,749	92,946	152,488
Loss from operations	(53,875)	(51,749)	(92,946)	(152,488)
Other income:				
Other income	3,647	759	7,397	832
Total other income	3,647	759	7,397	832
Net loss	(50,228)	(50,990)	(85,549)	(151,656)
Other comprehensive income (loss)				
Unrealized gain on available-for-sale securities, net of tax	93	—	250	8
Comprehensive loss	$ (50,135)	$ (50,990)	$ (85,299)	$ (151,648)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.46)	$ (0.47)	$ (0.78)	$ (1.40)
Weighted-average common shares outstanding, basic and diluted	109,450,071	108,166,890	109,119,630	108,019,051

(1)Includes related-party amounts of $2,258 and $5,218 for the three and six months ended June 30, 2023, respectively, and $2,285 and $4,285 for the three and six months ended June 30, 2022, respectively (see Note 15).

(2)Includes related-party amounts of $0 and $375 for the three and six months ended June 30, 2023, respectively, and includes no related-party amounts for both the three and six months ended June 30, 2022 (see Note 15).

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

INVIVYD, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(UNAUDITED)

(In thousands, except share amounts)

	Common Stock		Treasury Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Income (Loss)	Deficit	Equity (Deficit)
Balances at December 31, 2021	110,782,909	$ 11	468,751	$ —	$ 850,125	$ (8)	$ (292,109)	$ 558,019
Vesting of restricted common stock from early-exercised options	—	—	—	—	1	—	—	1
Exercise of stock options	50,353	—	—	—	47	—	—	47
Repurchase of unvested restricted common stock	(1,158,089)	—	1,158,089	—	—	—	—	—
Retirement of treasury stock	—	—	(1,626,840)	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	1,983	—	—	1,983
Unrealized gain on available-for-sale securities, net of tax	—	—	—	—	—	8	—	8
Net loss	—	—	—	—	—	—	(100,666)	(100,666)
Balances at March 31, 2022	109,675,173	$ 11	—	$ —	$ 852,156	$ —	$ (392,775)	$ 459,392
Exercise of stock options	98,000	—	—	—	76	—	—	76
Repurchase of unvested restricted common stock	(992,648)	—	992,648	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	6,361	—	—	6,361
Net loss	—	—	—	—	—	—	(50,990)	(50,990)
Balances at June 30, 2022	108,780,525	11	992,648	—	858,593	—	(443,765)	414,839

	Common Stock		Treasury Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Income (Loss)	Deficit	Equity (Deficit)
Balances at December 31, 2022	109,044,046	$ 11	—	$ —	$ 889,657	$ (272)	$ (533,426)	$ 355,970
Vesting of restricted common stock from early-exercised options	—	—	—	—	1	—	—	1
Exercise of stock options	423,203	—	—	—	459	—	—	459
Repurchase of unvested restricted common stock	(206,802)	—	206,802	—	—	—	—	—
Retirement of treasury stock	—	—	(206,802)	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	5,400	—	—	5,400
Issuance of common stock under the employee stock purchase plan	55,779	—	—	—	83	—	—	83
Unrealized gain on available-for-sale securities, net of tax	—	—	—	—	—	157	—	157
Net loss	—	—	—	—	—	—	(35,321)	(35,321)
Balances at March 31, 2023	109,316,226	$ 11	$ —	$ —	$ 895,600	$ (115)	$ (568,747)	$ 326,749
Vesting of restricted common stock from early-exercised options	—	—	—	—	1	—	—	1
Exercise of stock options	255,440	—	—	—	215	—	—	215
Repurchase of unvested restricted common stock	(46,600)	—	46,600	—	—	—	—	—
Retirement of treasury stock	—	—	(46,600)	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	4,677	—	—	4,677
Issuance of common stock under the employee stock purchase plan	45,267	—	—	—	56	—	—	56
Unrealized gain on available-for-sale securities, net of tax	—	—	—	—	—	93	—	93
Net loss	—	—	—	—	—	—	(50,228)	(50,228)
Balances at June 30, 2023	109,570,333	$ 11	$ —	$ —	$ 900,549	$ (22)	$ (618,975)	$ 281,563

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

INVIVYD, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(In thousands)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Cash flows from operating activities:		
Net loss	$ (85,549)	$ (151,656)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	10,077	8,344
Net amortization of premiums and accretion of discounts on marketable securities	(4,564)	194
Amortization of operating lease right-of-use assets	763	211
Depreciation expense	241	9
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(6,630)	18,825
Other non-current assets	(100)	2,998
Accounts payable	2,629	8,449
Accrued expenses	5,334	(3,653)
Operating lease liabilities	(767)	(214)
Other current liabilities	(6)	58
Other non-current liabilities	—	(6)
Net cash used in operating activities	(78,572)	(116,441)
Cash flows from investing activities:		
Purchases of marketable securities	(91,202)	—
Maturities of marketable securities	199,448	49,000
Purchases of property and equipment	(615)	(17)
Net cash provided by investing activities	107,631	48,983
Cash flows from financing activities:		
Proceeds from exercises of stock options	674	123
Proceeds from issuance of common stock under the employee stock purchase plan	139	—
Payments for repurchases of unvested restricted common stock	(1)	(4)
Net cash provided by financing activities	812	119
Net increase (decrease) in cash and cash equivalents	29,871	(67,339)
Cash and cash equivalents at beginning of period	92,076	542,224
Cash and cash equivalents at end of period	$ 121,947	$ 474,885
Supplemental disclosure of cash flow information:		
Operating lease right-of-use asset recognized upon adoption of ASC 842	$ —	$ 1,728
Operating lease right-of-use asset recognized under ASC 842	$ —	$ 1,344

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

1. Nature of the Business and Basis of Presentation

Invivyd, Inc., together with its consolidated subsidiaries (the “Company”), is a biopharmaceutical company on a mission to rapidly and perpetually deliver antibody-based therapies that protect vulnerable people from the devastating consequences of circulating viral threats, beginning with SARS-CoV-2. The Company's technology works at the intersection of evolutionary virology, predictive modeling, and antibody engineering, and is designed to identify high-quality, long-lasting antibodies with the potential to resist viral escape. The Company is generating a robust pipeline of product candidates which could be used in prevention or treatment of serious viral diseases, starting with COVID-19 and expanding into influenza and other high-need indications.

In June and July 2023, the Company announced positive initial data from an ongoing Phase 1 clinical trial of VYD222, a monoclonal antibody (“mAb”) candidate in development for the prevention of symptomatic COVID-19 in vulnerable populations, such as immunocompromised people. In May 2023, the Company completed the dosing of all participants in the Phase 1 clinical trial of VYD222. Initial Phase 1 data announced in June and July 2023 showed that a single administration of VYD222 was generally well-tolerated at all three dose levels tested with no serious adverse events having been reported. Serum samples from all dose levels tested in the Phase 1 clinical trial showed robust neutralization activity against Omicron XBB.1.5 at Day 7.

In June 2023, the Company also announced that it had reached general alignment with the U.S. Food and Drug Administration (the “FDA”) on a pathway to potential emergency use authorization (“EUA”) for VYD222 and anticipated follow-on mAb candidates designed to prevent symptomatic COVID-19. The Company plans to leverage this pathway in the U.S., and in August 2023, the Company announced its plans to initiate a pivotal clinical trial of VYD222, referred to as the CANOPY trial, using a surrogate endpoint to generate the clinical data needed to enable a potential EUA submission for the prevention of symptomatic COVID-19.

VYD222 is the Company’s second mAb candidate to enter clinical testing. VYD222 was designed for broad activity and has demonstrated *in vitro* neutralizing activity against prior and current SARS-CoV-2 variants of concern (“VoCs”), including Omicron sublineages up to and through XBB.1.5. VYD222 was engineered from adintrevimab, the Company’s investigational mAb that has a robust safety data package and demonstrated clinically meaningful results in global Phase 2/3 clinical trials for both the prevention and treatment of COVID-19.

Beyond VYD222, the Company plans to leverage its expanded laboratory capabilities and integrated discovery platform to produce additional candidates optimized to stay ahead of the evolving SARS-CoV-2 virus. In addition, the Company continues to engage with regulatory agencies with the goal of streamlining the development of novel antibodies to protect immunocompromised and other high-risk populations against the evolving SARS-CoV-2 virus. The Company is also developing its commercialization approach to determine how best to bring its product candidates, if authorized or approved, to these populations.

The Company was incorporated in the State of Delaware in June 2020. The Company operates as a hybrid company with employees working at its corporate headquarters in Waltham, Massachusetts and remotely. In June 2022, and subsequently amended in September 2022, the Company entered into a lease for dedicated laboratory and office space in Newton, Massachusetts for research and development purposes. In 2022, the Company expanded its research team in order to enable internal discovery and development of its mAb candidates, while continuing to leverage the Company’s existing partnership with Adimab, LLC (“Adimab”). The Company is focused on antibody discovery and use of Adimab’s platform technology while building its own internal capabilities. In addition, the Company performs research and development activities internally and engages third parties, including Adimab, to perform ongoing research and development and other services on its behalf.

The Company is subject to a number of risks and uncertainties common to early-stage companies in the biopharmaceutical industry, including, but not limited to, completing clinical trials, the ability to raise additional capital to fund operations, obtaining regulatory approval for product candidates, market acceptance of products, competition from substitute products, protection of proprietary intellectual property, compliance with government regulations, the impact of COVID-19, dependence on key personnel, the ability to attract and retain qualified employees, and reliance on third-party organizations for the discovery, manufacturing, clinical and commercial success of its product candidates.

The Company has not generated any revenue since inception. The Company’s product candidates require significant additional research and development efforts, including extensive clinical testing and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel and infrastructure and compliance-reporting capabilities. Even if the Company’s development efforts are successful, it is uncertain when, if ever, the Company will generate revenue from product sales, including government supply contracts.

The accompanying condensed consolidated financial statements have been prepared on the basis of continuity of operations, realization of assets, and the satisfaction of liabilities and commitments in the ordinary course of business. The Company has primarily funded its operations with proceeds from sales of convertible preferred stock and proceeds from the Company’s initial public offering

("IPO"). The Company has incurred losses and negative cash flows from operations since its inception, including a net loss of $85.5 million for the six months ended June 30, 2023. As of June 30, 2023, the Company had an accumulated deficit of $619.0 million. The Company expects to continue to generate operating losses for the foreseeable future. The Company expects that its existing cash, cash equivalents and marketable securities will be sufficient to fund its operating expenses and capital expenditure requirements for at least 12 months from the issuance date of the interim condensed consolidated financial statements.

The Company expects to seek additional funding through a combination of equity offerings, government or private-party funding or grants, debt financings, collaborations with other companies, strategic alliances and licensing arrangements. The Company may not be able to obtain financing on acceptable terms, or at all, and the Company may not be able to enter into collaborations or other arrangements. The terms of any financing may adversely affect the holdings or rights of the Company's stockholders.

If the Company is unable to obtain sufficient capital, the Company will be forced to delay, reduce or eliminate some or all of its research and development programs, product portfolio expansion, or future commercialization efforts, which could adversely affect its business prospects, or the Company may be unable to continue operations. Although management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient funding on terms acceptable to the Company to fund continuing operations, if at all.

Impact of COVID-19 on the Company's Operations

COVID-19 continues to present public health and economic challenges around the world. The full impact of the COVID-19 pandemic remains uncertain, and such impact may directly or indirectly affect the potential commercial prospects of VYD222 and other product candidates for the prevention and treatment of COVID-19. The evolution of the disease and the continued emergence of VoCs, and the availability, administration and acceptance of vaccines, mAbs, antiviral agents, and other therapeutic modalities may affect the design and enrollment of the Company's clinical trials, the potential regulatory authorization or approval of the Company's product candidates, the availability of funding and partnership opportunities, and the commercialization of the Company's product candidates, if authorized or approved.

In addition, the Company's business and operations may be more broadly adversely affected by the COVID-19 pandemic. It is not possible to determine the scale and rate of economic recovery from the COVID-19 pandemic, supply chain disruptions, and labor availability and costs, or the impact of other indirect factors that may be attributable to the pandemic. The ultimate extent to which COVID-19 directly or indirectly impacts the Company's business, financial condition, operations, and product development timelines and plans remains uncertain and will depend on future developments, including the duration and spread of outbreaks and the continued emergence of VoCs, actions taken to prevent or treat COVID-19, and its economic impact on local, regional, national and international markets. To date, the Company has experienced some delays and disruptions in its development activities as a result of the COVID-19 pandemic. Some of the Company's clinical research organizations ("CROs"), contract development and manufacturing organizations ("CDMOs") and other service providers have also been impacted. The Company will continue to monitor developments as it addresses uncertainties relating to the COVID-19 pandemic. Additionally, if the financial markets and/or the overall economy are impacted for an extended period as a result of the COVID-19 pandemic or otherwise, the Company's results and operations may be materially adversely affected and may affect the Company's ability to raise capital.

Basis of Presentation

The Company's condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative U.S. GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB").

The accompanying condensed consolidated financial statements include the accounts of Invivyd, Inc. and its wholly owned subsidiaries, Invivyd Security Corporation, Invivyd Switzerland GmbH, and Invivyd Netherlands B.V. All intercompany accounts and transactions have been eliminated in consolidation. The Company views its operations and manages its business in one operating segment, which is the business of discovering, developing and commercializing differentiated products for the prevention and treatment of infectious diseases.

2. Summary of Significant Accounting Policies

As of June 30, 2023, the Company's significant accounting policies and estimates, which are detailed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the U.S. Securities and Exchange Commission ("SEC") on March 23, 2023 (the "2022 Form 10-K") have not changed, except as discussed below.

On January 1, 2023, the Company adopted Accounting Standards Update No. 2016-13 ("ASU 2016-13"), *Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires measurement and recognition of expected credit losses for financial assets. In April 2019, the FASB issued clarification to ASU 2016-13 within ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825,

Financial Instruments, or ASU 2016-13. The guidance is effective for fiscal years beginning after December 15, 2022. The adoption of the standard was immaterial to the accompanying condensed consolidated financial statements and related disclosures.

Unaudited Interim Financial Information

The accompanying condensed consolidated balance sheet as of June 30, 2023, the condensed consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2023 and 2022, the condensed consolidated statements of cash flows for the six months ended June 30, 2023 and 2022 and the condensed consolidated statements of stockholders' equity (deficit) for the three and six months ended June 30, 2023 and 2022 are unaudited.

The accompanying unaudited condensed consolidated financial statements as of June 30, 2023, and for the three and six months ended June 30, 2023 and 2022, have been prepared by the Company pursuant to the rules and regulations of the SEC for interim financial statements. The accompanying condensed consolidated balance sheet as of December 31, 2022 was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. These interim condensed consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements, and the notes thereto, as of and for the year ended December 31, 2022, which are included in the Company's 2022 Form 10-K.

In the opinion of management, all adjustments, consisting only of normal recurring adjustments necessary for a fair statement of the Company's condensed consolidated financial position as of June 30, 2023 and December 31, 2022, the condensed consolidated results of operations for the three and six months ended June 30, 2023 and 2022, the condensed consolidated cash flows for the six months ended June 30, 2023 and 2022 and changes in stockholders' equity (deficit) for the six months ended June 30, 2023 and 2022 have been made. The Company's condensed consolidated results of operations for the three and six months ended June 30, 2023 are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2023.

Use of Estimates

The preparation of the Company's condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of expenses during the reporting periods. Significant estimates and assumptions reflected in these condensed consolidated financial statements include, but are not limited to, research and development expenses and related prepaid or accrued costs and stock-based compensation expense. The Company bases its estimates on historical experience, known trends and other market-specific or relevant factors it believes to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates as there are changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results may differ materially from those estimates or assumptions.

The Company is monitoring the potential impact of the COVID-19 pandemic on its business and condensed consolidated financial statements. The Company is not aware of any specific event or circumstance that would require any update to its estimates or judgments reflected in these condensed consolidated financial statements or a revision of the carrying value of its assets or liabilities as of the issuance date of these condensed consolidated financial statements. These estimates may change as new events occur and additional information is obtained.

Recently Issued and Adopted Accounting Pronouncements

The Company is an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and will remain an emerging growth company until the last day of the fiscal year following the fifth anniversary of the completion of its IPO. However, if certain events occur prior to the end of such five-year period, including if it becomes a "large accelerated filer," its annual gross revenues exceeds $1.235 billion or it issues more than $1.0 billion of non-convertible debt in the previous three-year period, it will cease to be an emerging growth company prior to the end of such five-year period. For so long as the Company remains an emerging growth company, it is permitted and intends to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. For example, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of these accounting standards until they would otherwise apply to private companies.

There have been no new accounting pronouncements or changes to accounting pronouncements that could be expected to materially impact the Company's unaudited condensed consolidated financial statements during the six months ended June 30, 2023, as compared to the recent accounting pronouncements described in Note 2 of the Company's condensed consolidated financial statements included in its 2022 Form 10-K.

3. Marketable Securities

Marketable securities held by the Company are classified as available-for-sale debt securities pursuant to ASC 320, *Investments – Debt and Equity Securities*, and carried at fair value in the accompanying condensed consolidated balance sheet on a settlement date basis.

The following tables summarize the gross unrealized gains, unrealized losses and credit losses of the Company's marketable securities as of June 30, 2023 and December 31, 2022 (in thousands):

June 30, 2023	Amortized Cost	Unrealized Gains	Unrealized Losses	Credit Losses	Fair Value
U.S. Treasury securities	$ 32,689	$ —	$ (59)	$ —	$ 32,630
Federal agency securities	143,820	80	(47)	—	143,853
Total financial assets	$ 176,509	$ 80	$ (106)	$ —	$ 176,483

December 31, 2022	Amortized Cost	Unrealized Gains	Unrealized Losses	Credit Losses	Fair Value
U.S. Treasury securities	$ 107,973	$ 13	$ (115)	$ —	$ 107,871
Federal agency securities	172,214	39	(209)	—	172,044
Total financial assets	$ 280,187	$ 52	$ (324)	$ —	$ 279,915

The Company did not record any charges for credit-related impairments for its available-for-sale securities during the three and six months ended June 30, 2023.

No available-for-sale marketable securities held as of June 30, 2023 or December 31, 2022 had remaining maturities greater than twelve months.

4. Fair Value Measurements

Fair Value Measurements

Certain assets of the Company are carried at fair value under U.S. GAAP. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The Company's cash equivalents and marketable securities are carried at fair value, determined according to the fair value hierarchy described above. The carrying values of the Company's accounts payable and accrued expenses approximate their fair values due to the short-term nature of these liabilities.

The following tables present the Company's fair value hierarchy for its assets and liabilities that are measured at fair value on a recurring basis (in thousands):

	Fair Value Measurements at June 30, 2023:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 111,014	$ —	$ —	$ 111,014
Federal agency securities	$ —	$ 9,931	$ —	$ 9,931
Marketable securities:				
U.S. Treasury securities	32,629	—	—	32,629
Federal agency securities	—	143,854	—	143,854
	$ 143,643	$ 153,785	$ —	$ 297,428

	Fair Value Measurements at December 31, 2022:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 91,050	$ —	$ —	$ 91,050
Marketable securities:				
U.S. Treasury securities	107,871	—	—	107,871
Federal agency securities	—	172,044	—	172,044
	$ 198,921	$ 172,044	$ —	$ 370,965

The money market funds and U.S. Treasury securities were valued by the Company based on quoted market prices, which represent a Level 1 measurement within the fair value hierarchy.

The Company's cash equivalents and marketable securities also consisted of federal agency securities, which were valued based on Level 2 inputs. In determining the fair value of its federal agency securities, the Company relied on quoted prices for similar securities in active markets or other inputs that are observable or can be corroborated by observable market data. Since federal agency securities typically do not trade as U.S. government agency securities and no exchange exists to price such investments, they are recognized as Level 2 assets.

There were no changes to the valuation methods during the three and six months ended June 30, 2023 or 2022.

The Company evaluates transfers between levels at the end of each reporting period. There were no transfers into or out of Level 1, Level 2 or Level 3 fair value measurements during the three and six months ended June 30, 2023 or 2022.

5. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	June 30, 2023	December 31, 2022
Prepaid external research, development and manufacturing costs	$ 8,261	$ 843
Prepaid insurance	1,067	2,392
Prepaid compensation and other	1,754	1,314
Interest receivable	474	377
	$ 11,556	$ 4,926

6. Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	June 30, 2023	December 31, 2022
Accrued external research, development and manufacturing costs	$ 22,718	$ 13,955
Accrued professional and consultant fees	1,351	1,153
Accrued employee compensation	2,512	5,985
Other	163	818
	$ 26,744	$ 21,911

7. License and Collaboration Agreements

Adimab Assignment Agreement

In July 2020, the Company entered into an Assignment and License Agreement with Adimab (the "Adimab Assignment Agreement"). Under the terms of the agreement, Adimab assigned to the Company all rights, title and interest in and to certain of its coronavirus-specific antibodies (each, a "CoV Antibody" and together, the "CoV Antibodies"), including modified or derivative forms thereof, and related intellectual property ("Adimab CoV Assets"). In addition, Adimab granted to the Company a non-exclusive, worldwide, royalty-bearing, sublicensable license to certain of its platform patents and technology for the development, manufacture and commercialization of the CoV Antibodies and pharmaceutical products containing or comprising one or more CoV Antibodies (each, a "Product") for all indications and uses, with the exception of certain diagnostic uses and use as a research reagent (the "Field"). The Company is entitled to sublicense the assigned rights and licensed intellectual property solely with respect to any CoV Antibody or Product, subject to specified conditions of the agreement. The Company is obligated to use commercially reasonable efforts to achieve specified development and regulatory milestones for Products in certain major markets and to commercialize a product in any country in which the Company obtains marketing approval.

Pursuant to the terms of the Adimab Assignment Agreement, the parties will establish one or more work plans that set forth the activities to be performed under the agreement (each, a “Work Plan”), and each party is responsible for performing the obligations to which it is assigned under such Work Plans. Upon execution of the Adimab Assignment Agreement, the Company and Adimab agreed on an initial Work Plan that outlined the services that will be performed commencing at inception of the arrangement. The Company is obligated to pay Adimab quarterly for its services performed under each Work Plan at a specified full-time equivalent rate. Otherwise, the Company is solely responsible for the development, manufacture and commercialization of the CoV Antibodies and associated Products at its own cost and expense. The Company is solely responsible for preparing and submitting all investigational new drug applications, new drug applications, biologics license applications and other regulatory filings for the CoV Antibodies and Products in the Field, and for obtaining and maintaining all marketing approvals for Products in the Field, at its sole expense. Additionally, the Company has the sole right to prosecute, maintain, enforce and defend patents covering the CoV Antibodies and Products, all at its own expense.

Amounts paid with respect to services performed by Adimab on the Company’s behalf under the Adimab Assignment Agreement are recognized as research and development expense as such amounts are incurred. During the three and six months ended June 30, 2023, the Company did not recognize any research and development expense with respect to services performed by Adimab on the Company's behalf under the Adimab Assignment Agreement. During the three and six months ended June 30, 2022, the Company recognized $0.2 million and $0.5 million, respectively, of research and development expense with respect to services performed by Adimab on the Company’s behalf under the Adimab Assignment Agreement. Please refer to Note 15 for additional information.

The Company is obligated to pay Adimab up to $16.5 million upon the achievement of specified development and regulatory milestones for the first Product under the agreement that achieves such specified milestones and up to $8.1 million upon the achievement of specified development and regulatory milestones for the second Product under the agreement that achieves such specified milestones. The maximum aggregate amount of milestone payments payable under the agreement for any and all Products is $24.6 million, of which $7.9 million had been paid as of June 30, 2023; however, milestone payments do not accrue for certain *in vitro* diagnostic devices consisting of or containing CoV Antibodies.

In March 2023, the Company achieved the first specified milestone for the second product candidate under the Adimab Assignment Agreement upon dosing of the first subject in a Phase 1 clinical trial evaluating VYD222, which obligated the Company to make a $0.4 million milestone payment to Adimab. During the three and six months ended June 30, 2023, the Company recognized $0 and $0.4 million, respectively, of in-process research and development (“IPR&D”) expense with respect to contingent consideration payable under the Adimab Assignment Agreement. During the three and six months ended June 30, 2022, the Company did not recognize any IPR&D expense in connection with contingent consideration payable under the Adimab Assignment Agreement. The next potential milestone under the Adimab Assignment Agreement is a low single-digit million-dollar milestone related to dosing of the first subject in a pivotal trial evaluating VYD222, which was not considered probable under U.S. GAAP and therefore, no expense was recognized as of June 30, 2023.

The Company is obligated to pay Adimab royalties of a mid-single-digit percentage based on net sales of any Products, once commercialized. The royalty rate is subject to reductions specified under the agreement. Royalties are due on a Product-by-Product and country-by-country basis beginning upon the first commercial sale of each Product and ending on the later of (i) 12 years after the first commercial sale of such Product in such country and (ii) the expiration of the last valid claim of a patent covering such Product in such country (“Royalty Term”). In addition, the Company is obligated to pay Adimab royalties of a specified percentage in the range of 45% to 55% of any compulsory sublicense consideration received by the Company in lieu of certain royalty payments. Except for milestone payments of $7.5 million incurred through December 31, 2022 and a $0.4 million milestone payment incurred during the three months ended March 31, 2023, no other milestone, royalty or other contingent payments had become due to Adimab through June 30, 2023.

Unless earlier terminated, the Adimab Assignment Agreement remains in effect until the expiration of the last-to-expire Royalty Term for any and all Products. The Company may terminate the agreement at any time for any or no reason upon advance written notice to Adimab, or in the event of a material breach by Adimab that is not cured with specific periods. Adimab may only terminate the agreement for an uncured material breach by the Company for its due diligence obligation or a payment obligation. Upon any termination of the agreement prior to its expiration, all licenses and rights granted pursuant to the arrangement will automatically terminate and revert to the granting party and all other rights and obligations of the parties will terminate.

The Company concluded that the Adimab Assignment Agreement represented an asset acquisition of IPR&D assets with no alternative future use. The arrangement did not qualify as a business combination because substantially all of the fair value of the assets acquired was concentrated in a single asset.

Adimab Collaboration Agreement

In May 2021, the Company entered into a Collaboration Agreement with Adimab, as amended in November 2022 (the "Adimab Collaboration Agreement"), for the discovery and optimization of proprietary antibodies as potential therapeutic product candidates. Under the Adimab Collaboration Agreement, the Company and Adimab will collaborate on research programs for a specified number of targets selected by the Company within a specified time period. Under the Adimab Collaboration Agreement, Adimab granted the Company a worldwide, non-exclusive license to certain of its platform patents and technology and antibody patents to perform the Company's responsibilities during the ongoing research period and for a specified evaluation period thereafter (the "Evaluation Term"). In addition, the Company granted Adimab a license to certain of the Company's patents and intellectual property solely to perform Adimab's responsibilities under the research plans. Under the Adimab Collaboration Agreement, the Company has an exclusive option, on a program-by-program basis, to obtain licenses and assignments to commercialize selected products containing or comprising antibodies directed against the applicable target, which option may be exercised upon the payment of a specified option fee for each program. Upon exercise of an option by the Company, Adimab will assign to the Company all right, title and interest in the antibodies of the optioned research program and will grant the Company a worldwide, royalty-free, fully paid-up, non-exclusive, sublicensable license under the Adimab platform technology for the development, manufacture and commercialization of the antibodies for which the Company has exercised its options and products containing or comprising those antibodies. The Company is obligated to use commercially reasonable efforts to develop, seek marketing approval for, and commercialize one product that contains an antibody discovered in each optioned research program.

The Company is obligated to pay Adimab a quarterly fee of $1.3 million, which may be cancelled at the Company's option at any time. For so long as the Company is paying such quarterly fee (or earlier if (i) the Company experiences a change of control after the third anniversary of the Adimab Collaboration Agreement or (ii) Adimab owns less than a specified percentage of the Company's equity), Adimab and its affiliates will not assist or direct certain third parties to discover or optimize antibodies that are intended to bind to coronaviruses or influenza viruses. The Company may also elect to decrease the scope of Adimab's exclusivity obligations and obtain a corresponding decrease in the quarterly fee. During the three and six months ended June 30, 2023, the Company recognized $1.3 million and $2.6 million, respectively, of research and development expense related to the quarterly fee. During the three and six months ended June 30, 2022, the Company recognized $1.3 million and $2.6 million, respectively, of research and development expense related to the quarterly fee.

For each agreed upon research program that is commenced, the Company is obligated to pay Adimab quarterly for its services performed during a given research program at a specified full-time equivalent rate; a discovery delivery fee of $0.2 million; and an optimization completion fee of $0.2 million. For each option exercised by the Company to commercialize a specific research program, the Company is obligated to pay Adimab an exercise fee of $1.0 million. Amounts paid with respect to services performed by Adimab on the Company's behalf in each of the research programs under the Adimab Collaboration Agreement are recognized as research and development expense as such amounts are incurred and services are rendered. During the three and six months ended June 30, 2023, the Company recognized $0.2 million and $0.4 million, respectively, of research and development expense with respect to services performed by Adimab on the Company's behalf under the Adimab Collaboration Agreement. During the three and six months ended June 30, 2022, the Company recognized $0.6 million and $1.0 million, respectively, of research and development expense with respect to services performed by Adimab on the Company's behalf under the Adimab Collaboration Agreement. During both the three and six months ended June 30, 2023 and 2022, the Company did not recognize any IPR&D expense related to drug delivery fees, optimization completion fees or option exercise fees. During the three and six months ended June 30, 2023, the Company did not recognize any research and development expense related to a drug discovery fee. During the three and six months ended June 30, 2022, the Company recognized $0.2 million of research and development expense related to a drug delivery fee. Please refer to Note 15 for additional information.

The Company is obligated to pay Adimab up to $18.0 million upon the achievement of specified development and regulatory milestones for each product under the Adimab Collaboration Agreement that achieves such milestones. The next potential milestone under the Adimab Collaboration Agreement is a low single-digit million-dollar milestone related to dosing of the first subject in a Phase 1 trial, which was not considered probable under U.S. GAAP and therefore, no expense was recognized as of June 30, 2023. The Company is also obligated to pay Adimab royalties of a mid-single-digit percentage based on net sales of any product under the Adimab Collaboration Agreement, subject to reductions for third-party licenses. The royalty term will expire for each product on a country-by-country basis upon the later of (i) 12 years after the first commercial sale of such product in such country and (ii) the expiration of the last valid claim of any patent claiming composition of matter or method of making or using any antibody identified or optimized under the Adimab Collaboration Agreement in such country.

In addition, the Company is obligated to pay Adimab for Adimab's performance of certain validation work with respect to certain antigens acquired from a third party. In consideration for this work, the Company is obligated to pay Adimab royalties of a low single-digit percentage based on net sales of products that contain such antigens for the same royalty term as antibody-based products, but the Company is not obligated to make any milestone payments for such antigen products. Through June 30, 2023, the Company had not paid any royalties to Adimab under the Adimab Collaboration Agreement.

The Adimab Collaboration Agreement will expire (i) if the Company does not exercise any option, upon the conclusion of the last Evaluation Term for the research programs, or (ii) if the Company exercises an option, on the expiration of the last royalty term for a product in a particular country, unless the agreement is earlier terminated. The Company may terminate the Adimab Collaboration Agreement at any time upon advance written notice to Adimab. In addition, subject to certain conditions, either party may terminate the Adimab Collaboration Agreement in the event of a material breach by the other party that is not cured within specified periods.

The Company concluded that the Adimab Collaboration Agreement represented an asset acquisition of IPR&D with no alternative future use. Therefore, payments made by the Company to Adimab for milestones achieved will be recognized as IPR&D expense in the related period in which the services are performed or the related milestone is considered probable of achievement. Amounts paid with respect to services performed by Adimab on the Company's behalf under the Adimab Collaboration Agreement are recognized as research and development expense as such amounts are incurred and services are rendered. Please refer to Note 15 for additional information.

Adimab Platform Transfer Agreement

In September 2022 ("Effective Date"), the Company entered into a Platform Transfer Agreement with Adimab (the "Adimab Platform Transfer Agreement") under which the Company was granted the right under certain intellectual property of Adimab to practice certain elements of Adimab's platform technology, including B-cell cloning using Adimab's proprietary yeast cell lines and other antibody optimization libraries, trade secrets, protocols and software of Adimab, to discover, engineer and optimize antibodies. The Company does not have access to Adimab's proprietary discovery libraries. The Company was also granted the right under certain intellectual property of Adimab to research, develop, make, sell and exploit such antibodies and products containing such antibodies. The Adimab platform will be transferred to the Company in accordance with the terms of the Adimab Platform Transfer Agreement. In September 2022, the Company recognized $3.0 million as IPR&D expense in connection with the upfront consideration payable for the rights assigned pursuant to the Adimab Platform Transfer Agreement.

The Company is obligated to pay Adimab an annual fee of single digit millions on each of the first four anniversaries of the Effective Date, which will allow the Company to receive material improvements to the platform technology, including materially improved antibody optimization libraries, updates that provide new functionality to the platform, and software upgrades, from Adimab through June 2027. The first annual fee will become due in September 2023. Beginning in July 2027 and ending in June 2042, unless terminated earlier, the Company has the option to receive additional material improvements to the platform technology from Adimab, subject to a commercially reasonable fee to be negotiated by the parties.

The Company is obligated to pay Adimab up to $9.5 million upon the achievement of specified development and regulatory milestones for each product under the Adimab Platform Transfer Agreement that achieves such milestones. The next potential milestone under the Adimab Platform Transfer Agreement is a mid-six-digit dollar milestone related to the start of IND-enabling toxicology studies, which was not considered probable under U.S. GAAP and therefore, no expense was recognized as of June 30, 2023.

In addition, the Company is obligated to pay Adimab royalties of a low single-digit percentage based on net sales of products containing an antibody discovered, engineered or optimized using Adimab's platform technology, once commercialized. The royalty rate is subject to reductions specified under the Adimab Platform Transfer Agreement. Royalties are due on a product-by-product and country-by-country basis. The royalty term will expire for each product on a country-by-country basis upon the later of (i) 12 years after the first commercial sale of such product in such country and (ii) the expiration of the last valid claim of a program antibody patent for covering the program antibody contained in such product in such country. Through June 30, 2023, the Company had not paid any royalties to Adimab under the Adimab Platform Transfer Agreement.

The Company may terminate the Adimab Platform Transfer Agreement at any time upon advance written notice to Adimab. In addition, subject to certain conditions, either party may terminate the Adimab Platform Transfer Agreement in the event of a material breach by the other party that is not cured within specified periods or in connection with the other party's insolvency.

The Company concluded that the Adimab Platform Transfer Agreement represented an asset acquisition of IPR&D with no alternative future use. Therefore, payments made by the Company to Adimab for milestones achieved will be recognized as IPR&D expense in the related period in which the services are performed or the related milestone is considered probable of achievement. Amounts paid with respect to the annual material improvement fees are recognized as research and development expense as such amounts are incurred. Please refer to Note 15 for additional information.

WuXi Biologics Cell Line License Agreement

In December 2020, as amended in February 2023, the Company entered into a Cell Line License Agreement with WuXi Biologics (Hong Kong) Limited ("WuXi Biologics") (the "Cell Line License Agreement"), under which WuXi Biologics granted to the Company a non-exclusive, non-transferable, worldwide, royalty-bearing, sublicensable license to certain of its intellectual property, including certain patent rights associated with a proprietary cell line developed by WuXi Biologics for the exploitation of certain recombinant antibodies developed using such proprietary cell line (each, a "Licensed Product"). Each Licensed Product generated under the arrangement will be produced from a transformed or transfected version of the proprietary cell line derived by WuXi Biologics (each of such transformed or transfected cell lines, a "Licensed Cell Line").

In December 2020, the Company recognized an upfront fee of $0.2 million upon completion of cell bank generation for the first Licensed Cell Line created under the Cell Line License Agreement. In February 2023 and June 2023, the Company recognized license fees of $0.4 million and $0.2 million, respectively, upon completion of cell bank generation for the additional Licensed Cell Lines created under the Cell Line License Agreement.

The Company is also obligated to pay royalties in the range of less than 1.0% to WuXi Biologics based on net sales of any Licensed Products manufactured by the Company or a third party on its behalf. However, if the Company uses WuXi Biologics to manufacture all of its commercial supplies for Licensed Products, no royalties would be owed by the Company to WuXi Biologics for net sales of Licensed Products. The Company has an option to buy out its royalty obligations on a Licensed Cell Line-by-Licensed Cell Line basis by making a one-time payment in the low eight-figures to WuXi Biologics. Royalties are due on a Licensed Product-by-Licensed Product basis commencing on the date of the first commercial sale of the applicable product and continuing for so long as the Company commercializes Licensed Products or, if earlier, until the Company exercises its option to buy out the royalty obligations. Through June 30, 2023, no royalties had become due to WuXi Biologics.

The Cell Line License Agreement remains in effect until it is terminated. The Company may terminate the Cell Line License Agreement at any time with notice to WuXi Biologics. WuXi Biologics may terminate the Cell Line License Agreement in the event the Company fails to make a payment when due under the Cell Line License Agreement and such non-payment is not cured within a specified period after notice. Either party may terminate the Cell Line License Agreement in the event of a material breach by the other party that is not cured within a specified period after notice. Upon termination of the Cell Line License Agreement, the license conveyed by WuXi Biologics to the Company will continue in full force and effect with respect to all Licensed Products manufactured using the Licensed Cell Line already generated under the Cell Line License Agreement, provided that the Company continues to pay its royalty obligations, if any.

The Company concluded that the Cell Line License Agreement represented an asset acquisition of IPR&D with no alternative future use. The Cell Line License Agreement did not qualify as a business combination because substantially all of the fair value of the assets acquired was concentrated in a single asset. Therefore, the $0.2 million and $0.6 million of license fees was recognized as IPR&D expense during the three and six months ended June 30, 2023, respectively.

Research Collaboration and License Agreement with The Scripps Research Institute

In August 2021, the Company entered into a Research Collaboration and License Agreement (the “Research Agreement”) with The Scripps Research Institute (“TSRI”). Under the terms of the Research Agreement, TSRI performed research activities to identify vaccine candidates for the prevention, diagnosis or treatment of influenza or beta coronaviruses. In August 2021, the Company paid TSRI $1.5 million in funding, which was credited against research funding payable by the Company under the Research Agreement.

In April 2022, the Company provided written notice to TSRI to terminate the Research Agreement. Following early termination in the second quarter of 2022, all licenses were terminated and reverted to TSRI.

Amounts incurred for services performed by TSRI under the Research Agreement were expensed to research and development expense as the services were rendered. During the three and six months ended June 30, 2023, the Company did not recognize any research and development expense with respect to services performed under the Research Agreement as it was terminated during 2022. During the three and six months ended June 30, 2022, the Company recognized $0.8 million and $1.7 million, respectively, of research and development expense with respect to services performed under the Research Agreement.

8. Population Health Partners, L.P

In November 2022 (the “PHP Effective Date”), the Company entered into a Master Services Agreement with Population Health Partners, L.P. (“PHP”), pursuant to which PHP agreed to provide services and create deliverables for the Company as agreed between the Company and PHP and set forth in one or more work orders under such agreement (the “PHP MSA”). The term of the PHP MSA commenced on the PHP Effective Date and will continue for a period of one year, unless terminated earlier in accordance with its terms. On the PHP Effective Date, the Company and PHP entered into the first work order under the PHP MSA (the “PHP Work Order”), pursuant to which PHP agreed to advise and counsel the Company regarding clinical development and regulatory matters with respect to the Company’s product candidates. The PHP Work Order was effective for six months from the PHP Effective Date and terminated in accordance with its terms in May 2023. The PHP MSA contains customary confidentiality provisions and representations and warranties of the parties, as well as mutual non-solicitation of certain employees during the term of the PHP MSA and for a period of one year thereafter.

As compensation for the services and deliverables under the PHP Work Order, the Company paid PHP a cash fee of $0.5 million per month during the term of the PHP Work Order for an aggregate fee of $3.0 million (the “Aggregate Fee”).

During the three and six months ended June 30, 2023, the Company recognized $0.8 million and $2.3 million, respectively, of research and development expense related to the cash compensation paid to PHP. Please refer to Note 15 for additional information.

In addition to the cash compensation, on the PHP Effective Date, the Company issued a warrant to purchase shares of the Company’s common stock to PHP (the “PHP Warrant”). The exercise price of the PHP Warrant is $3.48 per share of the Company’s

common stock, which is equal to the Nasdaq official closing price (as defined in the PHP Warrant) of a share of the Company's common stock on the trading day immediately prior to the PHP Effective Date. The PHP Warrant is exercisable for up to an aggregate of 6,824,712 shares of the Company's common stock, and vests in three separate tranches as follows:

- 3,591,954 shares of the Company's common stock underlying the PHP Warrant vests if the Company's Market Capitalization (as defined below) equals or exceeds $758,517,511 by November 15, 2028;

- 1,795,977 shares of the Company's common stock underlying the PHP Warrant vests if the Company's Market Capitalization equals or exceeds $1,137,776,266 by November 15, 2029; and

- 1,436,781 shares of the Company's common stock underlying the PHP Warrant vests if the Company's Market Capitalization equals or exceeds $1,517,035,022 by November 15, 2030.

For purposes of the PHP Warrant, the term "Market Capitalization" means, with respect to a particular trading day, the total value of the outstanding shares of the Company's common stock on such date, calculated by multiplying the Company's volume weighted average price for the ten (10) trading days immediately preceding such date by the Company's total number of outstanding shares of the Company's common stock as reflected in (i) the Company's most recent periodic or annual report filed with the SEC (e.g., Annual Report on Form 10-K or Quarterly Report on Form 10-Q), as the case may be, (ii) a more recent public announcement by the Company or (iii) a more recent written notice by the Company or the Company's transfer agent setting forth the number of shares of the Company's common stock outstanding.

The PHP Warrant is exercisable for ten years from the PHP Effective Date with respect to the vested portion(s) of the PHP Warrant. The PHP Warrant may be exercised by cash exercise or, at the election of PHP, by means of "cashless exercise" pursuant to a formula set forth in the PHP Warrant. The Company has also granted PHP certain "piggyback" registration rights requiring the Company to register any shares of the Company's common stock underlying the PHP Warrant for resale with the SEC, subject to the Company's existing obligations under that certain Second Amended and Restated Investors' Rights Agreement, dated April 16, 2021, by and among the Company and the investors party thereto.

Upon the consummation of a change of control of the Company (as defined in the PHP Warrant) on or prior to November 15, 2028, all of the shares underlying the PHP Warrant would become immediately vested and exercisable; upon the consummation of a change of control of the Company after November 15, 2028 but on or prior to November 15, 2029, the shares underlying the second and third tranches of the PHP Warrant would become immediately vested and exercisable; and upon the consummation of a change of control of the Company after November 15, 2029 but on or prior to November 15, 2030, the shares underlying the third tranche of the PHP Warrant would become immediately vested and exercisable.

Refer to Note 11 for additional information on the PHP Warrant.

Clive Meanwell, M.D. and Tamsin Berry, members of the Company's board of directors, are Managing Partner and Partner of PHP, respectively.

9. Commitments and Contingencies

Operating Lease Commitments

In September 2021, the Company entered into a five-year noncancelable facilities lease agreement for approximately 9,600 square feet of office space in Waltham, Massachusetts. The monthly rental payments under the lease, which include base rent charges of $0.4 million per year, are subject to periodic rent increases through September 2026. In addition to base rent, monthly rental payments include the Company's proportionate share of operating expenses. The lease terms provide for one five-year extension term with base rent calculated on the then-market rate.

In June 2022, the Company entered into a two-year noncancelable agreement for dedicated laboratory and office space in Newton, Massachusetts (the "Newton, MA Lease"). The monthly rental payments under the agreement include base rent charges of $0.7 million per year. The agreement terms provide for a month-to-month extension after completion of the initial two-year term with base rent calculated on the then-market rate with three months' prior notice.

In September 2022, the Company amended the Newton, MA Lease. Pursuant to the amendment, the Company entered into a separate two-year noncancelable agreement for new dedicated laboratory and office space on the same campus as the Newton, MA Lease. The Company took occupancy of the new dedicated laboratory and office space in December 2022. The monthly rental payments under the amended agreement include base rent charges of $1.3 million per year. The agreement terms provide for a month-to-month extension, after completion of the initial two-year term extending through November 2024, with base rent calculated on the then-market rate with three months' prior notice.

The components of operating lease expense were as follows (in thousands):

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For The Six Months Ended June 30, 2022
Lease cost:				
Operating lease cost	$ 430	$ 161	$ 860	$ 266
Variable lease cost	11	8	23	16
Total lease cost	441	169	883	282
	$	$	$	$
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows related to operating leases	$ 432	$ 176	$ 864	$ 276

Future minimum lease payments under the noncancelable leases as of June 30, 2023 was as follows (in thousands):

Year Ending December 31,	Operating Lease
2023 (excluding the six months ended June 30, 2023)	867
2024	1,521
2025	430
2026	328
Total lease payments	3,146
Present value adjustment	(189)
Present value of operating lease liability	$ 2,957

As of June 30, 2023, the Company's operating leases were measured using a weighted-average incremental borrowing rate of 6.0% over a weighted-average remaining lease term of 2.2 years.

As of June 30, 2022, the Company's operating lease was measured using a weighted-average incremental borrowing rate of 6.0% over a weighted average remaining lease term of 3.2 years.

The total operating liabilities are presented on the Company's condensed consolidated balance sheet based on maturity dates. $1.6 million of the total operating liabilities are classified under "operating lease liabilities, current" for the portion due within twelve months, and $1.3 million is classified under "operating lease liabilities, non-current".

License Agreements

The Company has entered into license agreements with Adimab and WuXi Biologics (see Note 7).

Other Agreements

In November 2022, the Company entered into the PHP MSA (see Note 8). Concurrently with the PHP MSA, the Company entered into the PHP Work Order, pursuant to which PHP agreed to advise and counsel the Company regarding clinical development and regulatory matters with respect to its product candidates. The PHP Work Order was effective for six months from November 2022 and terminated in accordance with its terms in May 2023. As compensation for the services and deliverables under the PHP Work Order, the Company paid PHP a cash fee of $0.5 million per month during the term of the PHP Work Order for an Aggregate Fee of $3.0 million.

Clinical and Manufacturing Agreements

In July 2020, the Company entered into a Clinical Master Services Agreement with WuXi Biologics (the "Clinical Master Services Agreement"). The Clinical Master Services Agreement outlines the terms and conditions under which WuXi Biologics coordinates biologics development and clinical manufacturing services for the Company.

In December 2020, the Company entered into a Commercial Manufacturing Services Agreement with WuXi Biologics, which was amended and restated in August 2021 (as amended and restated, the "Commercial Manufacturing Agreement"). The Commercial Manufacturing Agreement outlines the terms and conditions under which WuXi Biologics manufactures adintrevimab drug substance and drug product for commercial use.

The Company committed to minimum noncancelable purchase obligations related to batches of adintrevimab drug substance and certain services with respect to the product requirements for 2022 and 2023 and batches of drug product and certain services with respect to the product requirements for 2022, the payments for which have extended into 2023.

In April 2022, the total volume of contractually binding drug substance and drug product batches to be manufactured under the Commercial Manufacturing Agreement was reduced to $51.6 million, a decrease of $107.8 million from the previous commitment of minimum non-cancelable purchase obligations of $159.4 million. In addition, WuXi Biologics agreed to provide the Company with a credit in the low eight-figures to offset future services rendered by WuXi Biologics.

In July 2022, the Company provided notice to WuXi Biologics to cancel the contractually binding adintrevimab drug product batches.

In November 2022, WuXi Biologics reassigned the remaining contractually binding adintrevimab drug substance batches under the Commercial Manufacturing Agreement to contractually binding NVD200 drug substance batches under its Clinical Master Services Agreement. In March 2023, WuXi Biologics reassigned the remaining contractually binding NVD200 drug substance batches to VYD222 drug substance batches.

In March 2023, the remaining amount of the low eight-figure credit was applied to WuXi Biologics services as a reduction of research and development expenses and a reduction of accounts payable.

As of June 30, 2023, the total remaining cost of contractually binding VYD222 drug substance batches to be manufactured under the Clinical Master Services Agreement was less than $0.1 million, which is expected to be incurred and paid in 2023. As of June 30, 2023, $8.9 million related to the contractually binding VYD222 drug substance batches was included in accounts payable and accrued expenses, which is expected to be paid in the second half of 2023.

In June 2023, the Company committed to a noncancelable purchase obligation related to the procurement of resin for future use in VYD222 drug substance batches under the Commercial Manufacturing Agreement. The total costs of contractually binding resin to be incurred by the Company is $10.4 million.

In July 2023, the Company committed to a noncancelable purchase obligation related to the procurement of materials to be used in VYD222 drug substance and drug product batches under the Commercial Manufacturing Agreement. The total costs of contractually binding materials to be incurred by the Company is $4.3 million.

Unless earlier terminated, the Commercial Manufacturing Agreement remains in effect for an initial period of five years and thereafter automatically renews for further successive periods of five years each. Either party may terminate the agreement upon the breach or default by the other party, other than a non-payment breach, that is not cured within 90 days after notice. Both parties are also entitled to terminate the Commercial Manufacturing Agreement if the other party becomes insolvent or is the subject of a petition in bankruptcy or of any other related proceeding or event. Either party may terminate either the Commercial Manufacturing Agreement in its entirety, or an individual order, (i) to the extent the other party suffers a force majeure event that is continuing for a predefined period of time and (ii) if the other party fails to make a payment when due under the arrangement and such non-payment is not cured within 30 days after notice. Until regulatory approval and future economic benefit is probable, the Company will continue to expense costs related to batches manufactured under the Commercial Manufacturing Agreement.

Other Contracts

The Company enters into agreements with third parties in the ordinary course of business for various products and services, including those related to research, preclinical and clinical operations, manufacturing and support, supply chain, and distribution. These contracts do not contain any material minimum purchase commitments. Certain of these agreements provide for termination rights subject to the payment of termination fees and/or wind-down costs. Under such agreements, the Company is contractually obligated to make certain payments to vendors upon early termination, primarily to reimburse them for their unrecoverable outlays incurred prior to cancellation as well as any amounts owed by the Company prior to early termination. The actual amounts the Company could pay in the future to the vendors under such agreements may differ from the purchase order amounts due to cancellation provisions. The termination fees were not probable of payment as of June 30, 2023 and December 31, 2022.

Legal Proceedings

From time to time, the Company may become involved in legal proceedings or other litigation relating to claims arising in the ordinary course of business. The Company accrues a liability for such matters when it is probable that future expenditures will be made and that such expenditures can be reasonably estimated. Significant judgment is required to determine both probability and estimated exposure amount. Legal fees and other costs associated with such proceedings are expensed as incurred.

On January 31, 2023, a securities class action lawsuit captioned Brill v. Invivyd, Inc., et. al., Case No. 1:23-CV-10254-LTS, was filed against the Company and certain of its former officers in the U.S. District Court for the District of Massachusetts. The complaint alleges violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder on the basis of purportedly materially false and misleading statements and omissions concerning ADG20's effectiveness against the Omicron variant of COVID-19. The complaint seeks, among other things, unspecified damages, attorneys' fees, expert fees, and other costs. The court appointed lead plaintiffs for the action on June 28, 2023, and has set an August 23, 2023 deadline for lead plaintiffs to file an amended complaint.

The Company believes that is has strong defenses and it intends to vigorously defend against this action. The lawsuit is in early stages, and, at this time, no assessment can be made as to the likely outcome or whether the outcome will be material to the Company.

Additionally, the Company received a request from the SEC, dated March 22, 2023, for documents and information concerning, among other matters, the Company's testing and analysis of the efficacy of ADG20 against Omicron and other COVID-19 variants, its public statements regarding the potential use of ADG20 against the Omicron variant, and related communications with investors and the media. By letter dated August 9, 2023, the SEC notified the Company that the SEC had concluded its investigation and does not intend to recommend any action against the Company.

Indemnification Agreements

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to its vendors, lessors, CROs, CDMOs, business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors and its executive officers that require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments that the Company could be required to make under these indemnification agreements is, in many cases, unlimited. The Company has not incurred any material costs as a result of such indemnifications and is not currently aware of any indemnification claims.

10. Common Stock

Shares Reserved for Future Issuance

As of June 30, 2023, the Company had reserved 43,638,367 shares of common stock for the exercise of outstanding stock options and the issuance of awards available for grant under the Company's 2020 Equity Incentive Plan, 2021 Equity Incentive Plan and 2021 Employee Stock Purchase Plan (see Note 11).

Shelf Registration Statement

On September 28, 2022, the Company filed a shelf registration statement on Form S-3 with the SEC (File No. 333-267643) and an accompanying base prospectus, which was declared effective by the SEC on October 5, 2022, for the offer and sale of up to $400 million of the Company's securities.

Treasury Stock

In February and June 2022, the Company repurchased 1,158,089 and 992,648 shares of unvested restricted common stock, respectively, at the original purchase price upon a termination of service during the vesting period. The shares of common stock repurchased were recorded as treasury stock in the accompanying condensed consolidated balance sheets and condensed consolidated statements of stockholders' equity (deficit) as such shares were not retired. The fair value of the repurchased common stock was insignificant.

In March and September 2022, the Company retired an aggregate of 1,626,840 and 992,648 shares of common stock, respectively, held in treasury. Upon retirement, the shares were redesignated as authorized but unissued shares of the Company's common stock.

In March 2023, the Company repurchased, and subsequently retired, 206,802 shares of unvested restricted common stock at the original purchase price upon a termination of service of an employee during the vesting period. Upon retirement, the shares were redesignated as authorized but unissued shares of the Company's common stock.

In May 2023, the Company repurchased 46,600 shares of unvested restricted common stock at the original purchase price upon a termination of service of an employee during the vesting period. The shares of common stock repurchased were recorded as treasury stock. The fair value of the repurchased common stock was insignificant. In June 2023, the Company retired the 46,600 shares of treasury stock. Upon retirement, the shares were redesignated as authorized but unissued shares of the Company's common stock.

11. Stock-Based Compensation

2020 Equity Incentive Plan

The Company's 2020 Equity Incentive Plan (the "2020 Plan") provides for the Company to grant incentive stock options, non-qualified stock options, restricted stock awards, restricted stock units and other stock-based awards to employees, members of the board of directors and consultants. The 2020 Plan is administered by the board of directors or, at the discretion of the board of directors, by a committee of the board of directors. The board of directors may also delegate to one or more officers of the Company the power to grant awards to employees and certain officers of the Company. The exercise prices, vesting and other restrictions are determined at the discretion of the board of directors, or its committee or any such officer if so delegated.

The exercise price for stock options granted may not be less than the fair market value of the Company's common stock on the date of grant, as determined by the board of directors, or at least 110% of the fair market value of the Company's common stock on the date of grant in the case of an incentive stock option granted to an employee who owns stock representing more than 10% of the voting power of all classes of stock as determined by the board of directors as of the date of grant. Prior to the IPO, the Company's board of directors determined the fair value of the Company's common stock, taking into consideration its most recently available valuation of common stock performed by third parties as well as additional factors which may have changed since the date of the most recent contemporaneous valuation through the date of grant. Stock options granted under the 2020 Plan expire after ten years and typically vest over a four-year period with the first 25% vesting upon the first anniversary of a specified vesting commencement date and the remainder vesting in 36 equal monthly installments over the succeeding three years, contingent on the recipient's continued employment or service.

Certain awards of stock options permit the holders to exercise the option in whole or in part prior to the full vesting of the option in exchange for unvested shares of restricted common stock with respect to any unvested portion of the option so exercised.

As of June 30, 2023, there were 6,742,631 shares authorized to be issued upon the exercise of outstanding stock option grants and no shares reserved for future issuance under the 2020 Plan.

2021 Equity Incentive Plan

In July 2021, the Company's board of directors adopted, and its stockholders approved, the 2021 Equity Incentive Plan (the "2021 Plan"), which became effective immediately prior to and contingent upon the execution of the underwriting agreement related to the Company's IPO. The 2021 Plan provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock units and other stock-based awards. The number of shares reserved for issuance under the 2021 Plan was equal to 35,075,122, which is the sum of 11,413,572 new shares; plus the number of shares (not to exceed 23,661,550 shares), which represents (i) the number of shares that remained available for issuance under the 2020 Plan, at the time the 2021 Plan became effective, and (ii) any shares subject to outstanding stock options or other stock awards that were granted under the 2020 Plan that are forfeited, terminate, expire or are otherwise not issued. In addition, the number of shares of the Company's common stock reserved for issuance under the 2021 Plan will automatically increase on the first day of each calendar year, beginning on January 1, 2022 and continuing through January 1, 2031, in an amount equal to 5% of the shares of common stock outstanding on the last day of the calendar month before the date of each automatic increase, or a lesser number of shares determined by the board of directors. On January 1, 2022, 5,539,145 shares of common stock were automatically added to the shares authorized for issuance under the 2021 Plan. The number of shares to be issued under the 2021 Plan did not increase on January 1, 2023 as determined by the Company's board of directors. The shares of common stock underlying any awards that are forfeited, cancelled, held back upon exercise or settlement of an award to satisfy the exercise price or tax withholding, repurchased or are otherwise terminated by the Company under the 2021 Plan will be added back to the shares of common stock available for issuance under the 2021 Plan.

As of June 30, 2023, there was an aggregate of 42,510,161 shares authorized to be issued under the 2020 Plan and the 2021 Plan, which includes 6,742,631 and 15,078,617 shares authorized to be issued upon the exercise of outstanding stock option grants from the 2020 Plan and 2021 Plan, respectively, and 0 and 20,688,913 shares reserved for future issuance under the 2020 Plan and 2021 Plan, respectively.

Stock Option Valuation

The fair value of stock option grants is estimated using the Black-Scholes option-pricing model. Prior to its IPO in August 2021, the Company had been a private company. Due to the proximity to the IPO, the Company continues to lack sufficient company-specific historical and implied volatility information. Therefore, it estimates its expected stock volatility based on the historical volatility of a publicly traded set of peer companies and expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded stock price. For options with service-based vesting conditions, the expected term of the Company's stock options has been determined utilizing the "simplified" method. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

The following table presents, on a weighted-average basis, the assumptions used in the Black-Scholes option-pricing model to determine the grant date fair value of stock options granted:

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Expected term (in years)	6.0	5.8	5.9	6.0
Expected volatility	68.8%	74.6%	69.1%	72.7%
Risk-free interest rate	3.7%	3.1%	3.6%	2.0%
Expected dividend yield	—%	—%	—%	—%

Stock Option Activity

The following table summarizes the Company's stock option activity since December 31, 2022:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2022	23,239,391	$ 7.01	7.9	$ 1,594
Granted	4,616,889	$ 1.85		
Exercised	(678,643)	$ 0.78		
Forfeited	(5,356,389)	$ 7.78		
Outstanding at June 30, 2023	21,821,248	$ 5.92	8.2	$ 389
Vested and expected to vest at June 30, 2023	21,821,248	$ 5.92	8.2	$ 389
Options exercisable at June 30, 2023	7,115,594	$ 7.69	7.1	$ 199

The weighted-average grant date fair value of stock options granted during the three and six months ended June 30, 2023 was $0.86 and $1.18, respectively, per share. The weighted-average grant date fair value of stock options granted during the three and six months ended June 30, 2022 was $2.07 and $3.88, respectively, per share.

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying options and the fair market value of the common stock for the options that had exercise prices lower than the estimated fair value of the Company's common stock at June 30, 2023 and 2022.

The total intrinsic value of stock options exercised was $0.1 million and $0.4 million for the three and six months ended June 30, 2023, respectively. The total intrinsic value of stock options exercised was $0.3 million and $0.6 million for the three and six months ended June 30, 2022, respectively.

Early Exercise of Stock Options into Restricted Stock

The Company's restricted stock activity during the six months ended June 30, 2023 was solely due to shares of restricted common stock issued pursuant to the permitted early exercise of stock options as permitted under the 2020 Plan prior to amendments to the 2020 Plan. The 2021 Plan does not permit early exercise of stock options. Shares of common stock issued upon exercise of unvested stock options are restricted and continue to vest in accordance with the original vesting schedule applicable to the associated stock option award. The Company has the right to repurchase any unvested shares of restricted common stock, at the original purchase price, upon any voluntary or involuntary termination of the service relationship during the vesting period.

A summary of the Company's unvested common stock from option early exercises that is subject to repurchase by the Company is as follows:

	Number of Shares
Unvested restricted stock at December 31, 2022	360,333
Issued	—
Vested	(75,165)
Repurchased	(253,402)
Unvested restricted stock at June 30, 2023	31,766

Proceeds from the early exercise of stock options are recorded as an early-exercise liability on the condensed consolidated balance sheets. The liability for unvested common stock subject to repurchase is then reclassified to common stock and additional paid-in capital as the Company's repurchase right lapses. Shares issued pursuant to the early exercise of stock options are not considered to be outstanding for accounting purposes until the shares vest. As of both June 30, 2023 and December 31, 2022, the liability related to the payments for unvested shares from early-exercised options was less than $0.1 million.

Stock-Based Compensation Expense

The Company recorded stock-based compensation expense (service-based stock options and employee stock purchase plan) in the following expense categories of its condensed consolidated statements of operations and comprehensive loss (in thousands):

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Research and development	$ 1,618	$ 3,382	$ 3,881	$ 6,535
Selling, general and administrative	3,059	2,979	6,196	1,809
	$ 4,677	$ 6,361	$ 10,077	$ 8,344

As of June 30, 2023, total unrecognized stock-based compensation expense related to unvested stock-based awards was $42.7 million, which is expected to be recognized over a weighted-average period of 2.6 years.

2021 Employee Stock Purchase Plan

In July 2021, the Company's board of directors adopted, and its stockholders approved, the 2021 Employee Stock Purchase Plan (the ''2021 ESPP''), which became effective immediately prior to and contingent upon the execution of the underwriting agreement related to the Company's IPO. A total of 1,342,773 shares of common stock were initially reserved for issuance under the 2021 ESPP. There were 214,567 shares issued under the 2021 ESPP as of June 30, 2023. The number of shares of common stock that may be issued under the 2021 ESPP will automatically increase on the first day of each calendar year, beginning on January 1, 2022 and continuing through January 1, 2031, by an amount equal to the lesser of (i) 1% of the shares of common stock outstanding on the last day of the calendar month before the date of each automatic increase, (ii) 2,685,546 shares and (iii) an amount determined by the Company's board of directors. The number of shares to be issued under the 2021 ESPP did not increase on January 1, 2023 as determined by the Company's board of directors. The first offering under the 2021 ESPP was June 6, 2022. As of June 30, 2023, 1,128,206 shares remained available for issuance under the 2021 ESPP. During the three and six months ended June 30, 2023, the Company recognized less than $0.1 million in related stock-based compensation expense.

Warrant Expense

In November 2022, the Company entered into the PHP MSA, the PHP Work Order and a warrant agreement with respect to the PHP Warrant. To compensate for the services and deliverables provided by PHP, the Company issued 6,824,712 equity-classified warrants to PHP. Each warrant shall give the right to acquire common stock of the Company at a purchase price of $3.48 per share. Per the agreement, the PHP Warrant is exercisable upon either the achievement of corresponding market capitalization targets or a consummation of a fundamental transaction (as defined in the PHP Warrant); as such, there are no other requirements, including any continuous service requirements, in order for PHP to be entitled to the PHP Warrant, if and when any portion of it vests.

The aggregate grant date fair value of the PHP Warrant was $17.4 million, which was recognized as warrant expense on the grant date in November 2022.

There were no warrants issued during the three and six months ended June 30, 2023. As of June 30, 2023, there were 6,824,712 warrants outstanding at a weighted average exercise price of $3.48, with a weighted-average remaining contractual term of 9.39 years.

12. Income Taxes

For the three and six months ended June 30, 2023 and 2022, the Company recorded no income tax benefits for the net operating losses incurred or for the research and development tax credits generated in each period, due to its uncertainty of realizing a benefit from those items. Substantially all of the Company's operating losses since inception have been generated in the U.S.

13. Defined Contribution Plan

The Company maintains a 401(k) Plan (the "401(k) Plan") for the benefit of eligible employees. The 401(k) Plan is a defined contribution plan under Section 401(k) of the Internal Revenue Code of 1986 that covers all employees who meet defined minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. Pursuant to the terms of the 401(k) Plan, the Company is required to make non-elective contributions of 3% of eligible participants' compensation. For both the three and six months ended June 30, 2023, the Company contributed $0.1 million and $0.3 million, respectively, to the 401(k) Plan. For the three and six months ended June 30, 2022, the Company contributed $0.2 million and $0.4 million, respectively, to the 401(k) Plan.

14. Net Loss per Share

Basic and diluted net loss per share attributable to common stockholders was calculated as follows (in thousands, except share and per share amounts):

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Numerator:				
Net loss attributable to common stockholders	$ (50,228)	$ (50,990)	$ (85,549)	$ (151,656)
Denominator:				
Weighted-average common shares outstanding, basic and diluted	109,450,071	108,166,890	109,119,630	108,019,051
Net loss per share attributable to common stockholders, basic and diluted	$ (0.46)	$ (0.47)	$ (0.78)	$ (1.40)

Shares of unvested restricted common stock are not considered outstanding for accounting purposes until vested and were excluded from the calculations of basic net loss per share attributable to common stockholders for all periods presented.

The Company's potential dilutive securities have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common shares outstanding used to calculate both

basic and diluted net loss per share attributable to common stockholders is the same. The Company excluded the following potential common shares, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to common stockholders for the periods indicated, because including them would have had an anti-dilutive effect:

	For the Six Months Ended June 30,	
	2023	2022
Stock options to purchase common stock	21,821,248	19,936,084
Unvested restricted common stock	31,766	480,443
Warrants to purchase common stock	6,824,712	—
	28,677,726	20,416,527

15. Related Party Transactions

As of June 30, 2023 and December 31, 2022, an aggregate of $0.2 million and $0.3 million, respectively, was due to Adimab under the Adimab Assignment Agreement, the Adimab Collaboration Agreement, the Adimab Platform Transfer Agreement and the Adimab DNA Sequencing Services Agreement (as defined below) by the Company. As of June 30, 2023 and December 31, 2022, no amounts were due to the Company from Adimab under the Adimab Assignment Agreement, the Adimab Collaboration Agreement, the Adimab Platform Transfer Agreement or the Adimab DNA Sequencing Services Agreement.

Adimab Assignment Agreement

Under the Adimab Assignment Agreement, Adimab, a principal stockholder of the Company, is entitled to receive milestone and royalty payments upon specified conditions and receives payments from the Company for providing ongoing services under the agreement (see Note 7).

During the three and six months ended June 30, 2023, the Company recognized $0 and $0.4 million, respectively, as IPR&D expense with respect to a milestone payable under the Adimab Assignment Agreement. During the three and six months ended June 30, 2023, the Company did not recognize any IPR&D expense with respect to contingent consideration payable under the Adimab Assignment Agreement.

During the three and six months ended June 30, 2023, the Company did not recognize any research and development expense with respect to services performed by Adimab on the Company's behalf under the Adimab Assignment Agreement. During the three and six months ended June 30, 2022, the Company recognized $0.2 million and $0.5 million, respectively, of research and development expense with respect to services performed by Adimab on the Company’s behalf under the Adimab Assignment Agreement.

Adimab Collaboration Agreement

Under the Adimab Collaboration Agreement, the Company is obligated to pay Adimab for certain fees, milestones and royalty payments (see Note 7).

During both the three and six months ended June 30, 2023 and 2022, the Company recognized $1.3 million and $2.6 million, respectively, of research and development expense related to the quarterly fee.

During the three and six months ended June 30, 2023, the Company recognized $0.2 million and $0.4 million, respectively, of research and development expense with respect to services performed by Adimab on the Company’s behalf under the Adimab Collaboration Agreement. During the three and six months ended June 30, 2022, the Company recognized $0.6 million and $1.0 million, respectively, of research and development expense with respect to services performed by Adimab on the Company’s behalf under the Adimab Collaboration Agreement.

Adimab Platform Transfer Agreement

Under the Adimab Platform Transfer Agreement, the Company is obligated to pay Adimab for certain fees, milestones and royalty payments (see Note 7).

During the three and six months ended June 30, 2023, the Company did not recognize any expense in connection with the Adimab Platform Transfer Agreement. The Adimab Platform Transfer Agreement was not effective during the three and six months ended June 30, 2022.

Adimab DNA Sequencing Services Agreement

On May 9, 2023, the Company entered into a Services Agreement with Adimab for Adimab to perform DNA sequencing on yeast samples provided by the Company, and the delivery of the resulting data and information to the Company (the “Adimab DNA Sequencing Services Agreement”). In exchange for the services performed, the Company will pay Adimab a fee for each yeast-derived DNA template sample present in the well within the sequencer plate.

During the three and six months ended June 30, 2023, the Company recognized less than $0.1 million of research and development expense with respect to services performed by Adimab on the Company's behalf under the Adimab DNA Sequencing Services Agreement.

Mithril Group

In March 2022, a group of stockholders, including, among others, Adimab; Mithril II LP; M28 Capital Management LP; Polaris Venture Partners V, L.P.; and Population Health Equity Partners III, L.P., which are collectively referred to as the Mithril Group, submitted a notice of intent to nominate three directors to the Company's board of directors at the 2022 annual meeting of stockholders. In April 2022, the Mithril Group filed definitive proxy materials with the SEC seeking election of three directors to the Company's board of directors and adoption of a non-binding resolution for director declassification.

Subsequently, during the year ended December 31, 2022, Mithril II LP requested that the Company reimburse it for costs associated with legal expenses, corporate governance matters and stockholder proposals incurred as a result of the aforementioned matters in connection with the Company's 2022 annual meeting of stockholders. The Company made such reimbursement payment to Mithril II LP in the amount of $1.4 million, which the Company recognized as a selling, general and administrative expense.

As of June 30, 2023, no amounts were due to any member of the Mithril Group by the Company, and no amounts were due from any member of the Mithril Group to the Company.

Population Health Partners, L.P.

Under the PHP MSA and PHP Work Order, the Company was obligated to pay cash compensation for services and deliverables (see Note 8). Clive Meanwell, M.D. and Tamsin Berry, members of the Company's board of directors, are Managing Partner and Partner of PHP, respectively.

During the three and six months ended June 30, 2023, the Company recognized $0.8 million and $2.3 million, respectively, of research and development expense with respect to services performed by PHP in connection with the PHP Work Order, which terminated in accordance with its terms in May 2023. The agreements with PHP were not effective during the three and six months ended June 30, 2022.

As of June 30, 2023, no amounts were due to PHP by the Company, and no amounts were due from PHP to the Company.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission ("SEC") on March 23, 2023 (the "2022 Form 10-K"). Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to "we," "us," and "our" refer to Invivyd, Inc. together with its consolidated subsidiaries.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include, but are not limited to, statements regarding our management team's expectations, hopes, beliefs, intentions or strategies regarding the future, projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, and are not guarantees of future performance. The words "may," "anticipate," "believe," "could," "expect," "intends," "might," "plan," "possible," "potential," "aim," "predict," "project," "should," "will," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. These statements speak only as of the date of this Quarterly Report on Form 10-Q and involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements include, without limitation, statements about the following:

- the anticipated timing, design, progress and results of preclinical studies and clinical trials of our product candidates, including statements regarding initiation or completion of studies or trials and related preparatory work, the period during which results of any studies or trials will become available, and potential regulatory submissions, with respect to our VYD222 program and other research and development programs;
- the design of VYD222 for broad neutralization activity against SARS-CoV-2 variants and the potential for neutralization activity against Omicron sublineages following XBB1.5 and future SARS-CoV-2 variants;
- our ability to rapidly and perpetually deliver antibody-based therapies that protect vulnerable people from the devastating consequences of circulating viral threats, beginning with SARS-CoV-2, and to generate a robust pipeline of product candidates which could be used in prevention or treatment of serious viral diseases, starting with COVID-19 and expanding into influenza and other high-need indications;
- the timing of any submission of filings for regulatory authorization or approval of, and our ability to obtain and maintain regulatory authorizations or approvals for, our product candidates;
- our belief that the adintrevimab clinical data package has the potential to support accelerated development of VYD222;
- the possibility for VYD222 and anticipated follow-on monoclonal antibody ("mAb") candidates to follow a potential development pathway for mAbs using immunobridging via serum neutralizing titers and previously generated clinical trial data from a prototype antibody, and our plans to leverage this immunobridging pathway in the U.S. to accelerate the clinical development of VYD222 and anticipated follow-on mAb candidates, with adintrevimab or future proprietary mAbs serving as the prototype;
- our ability to produce additional candidates optimized to stay ahead of the evolving SARS-CoV-2 virus;
- our belief that a 'serial monotherapy' approach would ensure that novel mAbs would be available if and when an authorized mAb loses activity against predominant circulating variants;
- our expectations regarding the size of the patient populations, market acceptance and opportunity for and clinical utility of our product candidates, if authorized or approved for commercial use;
- our expectations regarding the scope of any approved indication for VYD222 or any other product candidate;
- our manufacturing capabilities and strategy, including the scalability and commercial viability of our manufacturing methods and processes;
- our ability to successfully commercialize our product candidates, if authorized or approved;
- our ability to leverage technology and our platform to identify and develop future product candidates;

•our estimates of our expenses, ongoing losses, future revenue, capital requirements and our need for or ability to obtain additional funding before we can expect to generate any revenue from product sales, if any of our product candidates are authorized or approved;

•our belief that we have sufficient cash resources to fund our operating expenses and capital expenditure requirements into the fourth quarter of 2024;

•our competitive position and the development of and projections relating to our competitors or our industry; and

•business disruptions affecting our preclinical studies or the initiation, patient enrollment, development and operation of our clinical trials, including a public health crisis, such as the outbreak of SARS-CoV-2.

The foregoing list of forward-looking statements is not exhaustive. You should refer to the "Risk Factors" section of the 2022 Form 10-K for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. Other sections of this Quarterly Report on Form 10-Q may include additional factors that could harm our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. As a result of these factors, we cannot assure you that the forward-looking statements in this Quarterly Report on Form 10-Q will prove to be accurate. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. You should, however, review the factors and risks and other information we describe in the reports we file from time to time with the SEC.

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not rely on these forward-looking statements as predictions of future events. You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed as exhibits to this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Overview

Invivyd, Inc. is a biopharmaceutical company on a mission to rapidly and perpetually deliver antibody-based therapies that protect vulnerable people from the devastating consequences of circulating viral threats, beginning with SARS-CoV-2. Our technology works at the intersection of evolutionary virology, predictive modeling, and antibody engineering, and is designed to identify high-quality, long-lasting antibodies with the potential to resist viral escape. We are generating a robust pipeline of product candidates which could be used in prevention or treatment of serious viral diseases, starting with COVID-19 and expanding into influenza and other high-need indications.

In June and July 2023, we announced positive initial data from an ongoing Phase 1 clinical trial of VYD222, a mAb candidate in development for the prevention of symptomatic COVID-19 in vulnerable populations, such as immunocompromised people. The Phase 1 randomized, blinded, placebo-controlled, dose-ranging trial, which is being conducted in Australia, is evaluating the safety, pharmacokinetics, tolerability, and serum virus neutralizing activity of VYD222 in healthy adult volunteers. The Phase 1 dose-ranging trial is evaluating three different doses of VYD222, each administered as a single intravenous ("IV") push. In May 2023, we completed the dosing of all participants in the Phase 1 clinical trial. Initial Phase 1 data announced in June and July 2023 showed that a single administration of VYD222 was generally well-tolerated at all three dose levels tested with no serious adverse events having been reported. Serum samples from all dose levels tested showed robust neutralization activity against Omicron XBB.1.5 at Day 7. Analysis of the serum neutralizing activity from samples collected at different timepoints across all dose cohorts is ongoing, as is detailed pharmacokinetic analysis and modeling.

In June 2023, we also announced that we reached general alignment with the U.S. Food and Drug Administration (the "FDA") on a pathway to potential emergency use authorization ("EUA") for VYD222 and anticipated follow-on mAb candidates designed to prevent symptomatic COVID-19. We plan to leverage this pathway in the U.S., which includes the use of serum neutralizing titers as a correlate of protection (surrogate of clinical efficacy) in an immunobridging approach to a pivotal clinical trial of VYD222. Based on FDA feedback, the use of a correlate of protection in an immunobridging approach to a pivotal EUA-directed clinical trial may be a reasonable approach for a new mAb candidate when clinical trial data from a "prototype" mAb is available, provided that the new mAb candidate: (1) is similar to the prototype mAb such that it leverages a consistent manufacturing platform and has limited structural and functional differences, and (2) has supportive nonclinical data, such as favorable in vitro neutralization data against currently circulating SARS-CoV-2 variants. We plan to leverage this immunobridging pathway in the U.S. to accelerate the clinical development of VYD222 and anticipated follow-on mAb candidates, with adintrevimab or future proprietary mAbs serving as the prototype.

In August 2023, we announced our plans to initiate a pivotal clinical trial of VYD222, referred to as the CANOPY trial, using a surrogate endpoint to generate the clinical data needed to enable a potential EUA submission for the prevention of symptomatic COVID-19. We plan to enroll approximately 750 participants in the CANOPY trial across two cohorts in parallel. For Cohort A, which is expected to enroll approximately 300 participants who are significantly immunocompromised, we plan to use serum neutralizing titers

against relevant SARS-CoV-2 variants at Day 28 as the primary efficacy endpoint. The primary efficacy analysis will use an immunobridging approach comparing data obtained in the CANOPY trial for VYD222 to certain historical data from our previous Phase 2/3 clinical trial of adintrevimab for the prevention of symptomatic COVID-19 (EVADE), in which serum neutralizing titers correlated with observed clinical efficacy. All Cohort A participants will receive VYD222 administered via IV infusion. For Cohort B, which is expected to enroll approximately 450 participants at risk of exposure to SARS-CoV-2, the primary endpoint will be safety and tolerability. Secondary and exploratory endpoints will include serum neutralizing titers and clinical efficacy. Cohort B participants will be randomized 2:1 to receive VYD222 or placebo administered via IV infusion. We plan to initiate the CANOPY trial with a 4500 mg dose of VYD222. We expect to have initial primary endpoint data from the CANOPY trial by approximately the end of 2023.

VYD222 is our second mAb candidate to enter clinical testing. VYD222 was designed for broad activity and has demonstrated *in vitro* neutralizing activity against prior and current SARS-CoV-2 variants of concern ("VoCs"), including Omicron sublineages up to and through XBB.1.5. VYD222 was engineered from adintrevimab, our investigational mAb that has a robust safety data package and demonstrated clinically meaningful results in global Phase 2/3 clinical trials for both the prevention and treatment of COVID-19. We believe that the adintrevimab clinical data package has the potential to support accelerated development of VYD222.

Beyond VYD222, we plan to leverage our expanded laboratory capabilities and integrated discovery platform to produce additional candidates optimized to stay ahead of the evolving SARS-CoV-2 virus. We have multiple anti-SARS-CoV-2 mAb candidates in the discovery/preclinical stage and recently nominated an additional candidate for further preclinical characterization. In addition, we continue to engage with regulatory agencies with the goal of streamlining the development of novel antibodies to protect immunocompromised and other high-risk populations against the evolving SARS-CoV-2 virus. We are also developing our commercialization approach to determine how best to bring our product candidates, if authorized or approved, to these populations.

Globally, COVID-19 has caused millions of deaths and lasting health problems in many survivors and remains a significant global health crisis. COVID-19 persists and continues to impact patients, notably those who are immune compromised, and combating this disease will require a variety of effective and safe prevention and treatment options for years to come. By leveraging our capabilities, which we have developed through our experience with adintrevimab and over three years in the COVID-19 space, we aim to develop a continuous repertoire of SARS-CoV-2 neutralizing mAbs to keep pace with viral evolution. We believe this 'serial monotherapy' approach would ensure that novel mAbs would be available if and when an authorized mAb loses activity against predominant circulating variants, with the goal of ensuring that vulnerable populations would never be left without effective prophylaxis against COVID-19 as the SARS-CoV-2 virus continues to mutate.

Since our inception, we have devoted substantially all of our resources to organizing and staffing, building an intellectual property portfolio, business planning, conducting research and development, establishing and executing arrangements with third parties for the manufacture of our product candidates and raising capital. We rely on partnerships, external consultants and clinical research organizations ("CROs") to conduct our discovery, non-clinical, preclinical and clinical activities. Additionally, we rely on contract testing laboratories and contract development and manufacturing organizations ("CDMOs") to execute our chemistry, manufacturing and controls development, testing and manufacturing activities. We have engaged WuXi Biologics (Hong Kong) Limited ("WuXi Biologics"), a CDMO, for the development and manufacture of our product candidates for clinical and commercial use. Further, in 2022, we secured dedicated laboratory space and expanded our research team in order to enable internal discovery and development of our mAb candidates, while continuing to leverage our existing partnership with Adimab, LLC ("Adimab"). We are focused on antibody discovery and use of Adimab's platform technology while building our internal capabilities. In addition, we perform research and development activities internally and engage third parties, including Adimab, to perform ongoing research and development and other services on our behalf. We expect to continue to rely on third parties for clinical trials and the manufacture and testing of our product candidates, as well as to perform ongoing research and development and other services on our behalf.

Since our inception, we have financed our operations with net proceeds of $464.7 million from sales of our preferred stock and with net proceeds of $327.5 million from our initial public offering ("IPO"). To date, we have not generated any revenue from any sources, including product sales or government supply contracts. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of one or more of our product candidates, if authorized or approved.

Since our inception, we have incurred significant losses, including a net loss of $85.5 million for the six months ended June 30, 2023. As of June 30, 2023, we had an accumulated deficit of $619.0 million. We expect to continue to incur significant expenses and recognize losses in the foreseeable future as we expand and progress our research and development activities, as well as the associated manufacturing activities and commercialization efforts. In addition, our losses from operations may fluctuate significantly from period to period depending on the timing of our clinical trials and our expenditures on other research and development activities, including any associated manufacturing activities, and commercialization efforts. Our expenses could increase substantially in connection with our ongoing activities, as we:

- initiate and conduct clinical trials of VYD222 or any other product candidate;
- develop product candidates in new indications or patient populations;

•continue to advance the preclinical development of product candidates and our preclinical and discovery programs, including development and screening of additional antibodies;

•seek regulatory authorization or approval for any product candidates that successfully complete clinical trials;

•pursue marketing approvals or EUAs and reimbursement for our product candidates;

•acquire or in-license other product candidates, intellectual property and/or technologies;

•further develop and validate our commercial-scale current Good Manufacturing Practices ("cGMP") manufacturing process for VYD222;

•manufacture material under cGMP at our contracted manufacturing facilities for clinical trials and potential EUAs, regulatory approvals and commercial sales;

•maintain, expand, enforce, defend and protect our intellectual property portfolio;

•comply with regulatory requirements established by the applicable regulatory authorities;

•establish a sales, marketing and distribution infrastructure to commercialize any product candidates for which we may obtain regulatory approval or EUA;

•hire and retain additional personnel, including research, clinical, development, manufacturing, quality control, quality assurance, regulatory and scientific personnel;

•add operational, financial, corporate development, management information systems and administrative personnel, including personnel to support our product development and planned future commercialization efforts; and

•incur additional legal, accounting and other expenses in operating as a public company.

We do not anticipate generating revenue from product sales, including government supply contracts, unless and until we successfully complete clinical development and obtain marketing approvals or EUAs for one or more of our product candidates. We would expect to explore a range of commercial go-to-market approaches, including building our own commercial organization, outsourcing to contract sales and marketing organizations, and/or partnering with other biopharmaceutical companies with established sales, marketing, and market access capabilities, in anticipation of potential EUA or marketing approval for any of our product candidates for the prevention and/or treatment of COVID-19. Accordingly, if we obtain marketing approval or EUA for any of our product candidates, we will incur significant additional commercialization expenses related to product manufacturing, marketing, sales and distribution.

As a result, we will need substantial additional funding to support our continuing operations and pursue our growth strategy. Until such time as we can generate significant product revenue, if ever, we expect to finance our operations through a combination of equity offerings, government or private-party funding or grants, debt financings, collaborations with other companies, strategic alliances and licensing arrangements. We may be unable to raise additional funds or enter into such other agreements or arrangements when needed on favorable terms, or at all. If we fail to raise capital or enter into such agreements as, and when, needed, we may have to significantly delay, scale back or discontinue the development and commercialization of one or more of our product candidates or delay our pursuit of potential in-licenses or acquisitions.

Because of the numerous risks and uncertainties associated with pharmaceutical product development and emergence of SARS-CoV-2 VoCs, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve or maintain profitability. We may never obtain regulatory authorization or approval for any of our product candidates. Even if we are able to generate product sales, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations.

Based on our current operating plan, we believe that our existing cash, cash equivalents and marketable securities of $298.4 million as of June 30, 2023, will be sufficient to fund our operating expenses and capital expenditure requirements into the fourth quarter of 2024. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect. See "Liquidity and Capital Resources."

Impact of COVID-19 on Our Operations

COVID-19 continues to present public health and economic challenges around the world. The full impact of the COVID-19 pandemic remains uncertain, and such impact may directly or indirectly affect the potential commercial prospects of VYD222 and other product candidates for the prevention and treatment of COVID-19. The evolution of the disease and the continued emergence of VoCs, and the availability, administration and acceptance of vaccines, mAbs, antiviral agents, and other therapeutic modalities may affect the design and enrollment of our clinical trials, the potential regulatory authorization or approval of our product candidates, the availability of funding and partnership opportunities, and the commercialization of our product candidates, if authorized or approved.

In addition, our business and operations may be more broadly adversely affected by the COVID-19 pandemic. It is not possible to determine the scale and rate of economic recovery from the COVID-19 pandemic, supply chain disruptions, and labor availability and costs, or the impact of other indirect factors that may be attributable to the pandemic. The ultimate extent to which COVID-19 directly or indirectly impacts our business, financial condition, operations, and product development timelines and plans remains uncertain and will depend on future developments, including the duration and spread of outbreaks and the continued emergence of VoCs, actions taken to prevent or treat COVID-19, and its economic impact on local, regional, national and international markets. To date, we have experienced some delays and disruptions in our development activities as a result of the COVID-19 pandemic. Some of our CROs, CDMOs and other service providers have also been impacted. We will continue to monitor developments as we address uncertainties relating to the COVID-19 pandemic. Additionally, if the financial markets and/or the overall economy are impacted for an extended period as a result of the COVID-19 pandemic or otherwise, our results and operations may be materially adversely affected and may affect our ability to raise capital.

Components of Our Results of Operations

Revenue

To date, we have not generated any revenue from product sales, including government supply contracts, or any other sources. If our development efforts for our product candidates are successful and result in regulatory approval or collaboration or license agreements with third parties, we may generate revenue in the future from product sales or payments from collaboration or license agreements that we may enter into with third parties, or any combination thereof.

Research and Development Expenses

The nature of our business and primary focus of our activities generates a significant amount of research and development costs. Research and development expenses represent costs incurred by us for:

- the non-clinical and preclinical development of our product candidates, including our discovery efforts;
- the procurement of our product candidates from third-party manufacturers; and
- the global clinical development of our product candidates.

Such costs consist of:

- personnel-related expenses, including salaries, bonuses, benefits and other compensation-related costs, including stock-based compensation expense, for employees engaged in research and development functions;
- expenses incurred under agreements with third parties, such as collaborators, consultants, contractors and CROs, that conduct the discovery, non-clinical and preclinical studies and clinical trials of our product candidates and research programs;
- costs of procuring manufactured product candidates for use in non-clinical studies, preclinical studies and clinical trials from third-party CDMOs;
- costs of outside consultants and advisors, including their fees and stock-based compensation;
- laboratory-related expenses, which include equipment, laboratory supplies, rent expense, depreciation expense, and other operating costs;
- payments made under third-party licensing agreements; and
- other expenses incurred as a result of research and development activities.

We expense research and development costs as incurred. Non-refundable advance payments that we make for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. The prepaid amounts are expensed as the related goods are delivered or the services are performed, or when it is no longer expected that the goods will be delivered or the services rendered.

Our primary focus since inception has been the development of antibodies against COVID-19. Our research and development costs consist primarily of external costs, such as fees paid to CDMOs, CROs and consultants in connection with our non-clinical studies, preclinical studies and clinical trials. To date, external research and development costs for any individual product candidate have been tracked commencing upon product candidate nomination. We do not allocate employee-related costs, costs associated with our discovery efforts and other internal or indirect costs to specific research and development programs or product candidates because these resources are used and these costs are deployed across multiple programs under development and, as such, are not separately classified.

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher and more variable development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. Our research and development expenses could increase substantially in the near

term as we advance VYD222 through clinical development, pursue EUA or regulatory approval of our product candidates, continue to discover and develop additional product candidates and incur expenses associated with hiring additional personnel to support our research and development efforts, including the associated manufacturing activities.

At this time, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the development of any of our product candidates. We are also unable to predict when, if ever, material net cash inflows will commence from sales or licensing of our product candidates. This is due to the numerous risks and uncertainties associated with drug development, including the uncertainty of:

- the timing and progress of preclinical and clinical development activities;
- the number and scope of preclinical and clinical programs we decide to pursue;
- filing acceptable IND applications with the FDA or comparable foreign applications that allow commencement of our planned clinical trials or future clinical trials for our product candidates;
- sufficiency of our financial and other resources to complete the necessary preclinical studies and clinical trials, manufacture the product candidates and complete associated regulatory activities;
- our ability to establish and maintain agreements with third-party manufacturers for clinical supply for our clinical trials and successfully develop, obtain regulatory approval or EUA for our product candidates;
- successful enrollment and timely completion of clinical trials, including our ability to generate positive data from any such clinical trials;
- the costs associated with the development of any additional development programs and product candidates we identify in-house or acquire through collaborations;
- the prevalence, nature and severity of adverse events experienced with any product candidates;
- the terms and timing of any collaboration, license or other arrangement, including the terms and timing of any milestone payments thereunder;
- our ability to obtain and maintain patent, trademark and trade secret protection and regulatory exclusivity for our product candidates, if and when approved, and otherwise protecting our rights in our intellectual property portfolio;
- our ability to maintain compliance with regulatory requirements, including current Good Clinical Practices (“cGCPs”), current Good Laboratory Practices (“cGLPs”) and cGMPs, and to comply effectively with other rules, regulations and procedures applicable to the development and sale of pharmaceutical products;
- receipt of timely marketing approvals from applicable regulatory authorities;
- potential significant and changing government regulation, regulatory guidance and requirements and evolving treatment guidelines; and
- the impact of any business interruptions to our operations or those of third parties with which we work, including as a result of the COVID-19 pandemic.

A change in the outcome of any of these variables with respect to the development of any of our product candidates could significantly change the costs and timing associated with the development of that product candidate. We may elect to discontinue, delay or modify clinical trials of some product candidates or focus on others.

In emergency situations, such as a pandemic, and with a declaration of a public health emergency by the U.S. Secretary of the Department of Health and Human Services (“HHS”), the FDA has the authority to issue an EUA. While the COVID-19 public health emergency declared by HHS under the Public Health Service Act expired on May 11, 2023, this does not impact the FDA’s ability to authorize COVID-19 drugs and biological products for emergency use. The FDA may continue to issue new EUAs going forward when criteria for issuance are met. Such ability arises from the EUA declaration and determination issued pursuant to the Federal Food, Drug, and Cosmetic Act (the “FDCA”), which remain in effect unless or until the HHS Secretary terminates such declaration and determination, at which point EUAs based on such declaration would cease to be in effect and the FDA may no longer issue EUAs for products covered by such declaration. There can be no assurance that the public health emergency in the U.S. declared under the FDCA will continue to be in place for an extended period of time, that any of our product candidates will be granted an EUA by the FDA, if we apply for such an authorization, or that we would be able to maintain an EUA, if received, for an extended period of time.

Acquired In-Process Research and Development Expenses

Acquired in-process research and development (“IPR&D”) expenses consist primarily of costs of contingent milestone payments incurred to acquire rights to Adimab’s antibodies relating to COVID-19 and SARS and related intellectual property and a license to

certain of Adimab's platform patents and technology (the "IPR&D assets") for use in the research and development of our product candidates. We expensed the cost of the IPR&D assets because they had no alternative future use as of the acquisition date. We will recognize additional IPR&D expenses in the future if and when it is deemed probable that we will make contingent milestone payments to Adimab under the terms of the agreement by which we acquired the IPR&D assets.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of salaries, bonuses, benefits, third-party fees and other related costs, including stock-based compensation, for our personnel and external contractors involved in our executive, finance, legal, business development and other administrative functions, as well as our commercial function. Selling, general and administrative expenses also include costs incurred for outside services associated with such functions, including legal fees relating to patent and corporate matters; professional fees for accounting, auditing, tax and administrative consulting services; insurance costs; market research costs; and other selling, general and administrative expenses. These costs relate to the operation of the business, unrelated to the research and development function, or any individual program.

Our selling, general and administrative expenses could increase in the future as our business expands and we increase our headcount to support the expected growth in our research and development activities and the potential commercialization of our product candidates. In particular, we could incur additional commercialization expenses prior to any regulatory approval or EUA of our product candidates as we continue to expand our commercial function to support potential future product launches. We also anticipate that we will continue to incur increased expenses associated with operating as a public company, including increased costs of accounting, audit, legal, regulatory and tax-related services, director and officer insurance premiums, and investor and public relations costs. We also expect to incur additional intellectual property-related expenses as we file additional patent applications to protect innovations arising from our research and development activities.

In June 2022, and subsequently amended in September 2022, we entered into a lease agreement for dedicated laboratory and office space in Newton, Massachusetts for research and development purposes. Through June 30, 2023, we have operated as a hybrid company with employees working at our corporate headquarters and remotely. We have not incurred material operating expenses for the rent, maintenance and insurance of facilities, or for the depreciation of fixed assets.

Other Income (Expense), Net

Other income (expense), net consists of interest income earned from our cash, cash equivalents and marketable securities and the net amortization or accretion of premiums and discounts related to our marketable securities. We expect our interest income to vary each reporting period depending on our average bank deposits, money market funds and investment balances during the period and market interest rates.

Income Taxes

Since our inception, we have not recorded any income tax expense or realized benefits for the net losses we have incurred or for the research and development tax credits generated in each period as we believe, based upon the weight of available evidence, that it is more likely than not that all of our net operating loss carryforwards and tax credit carryforwards will not be realized.

Results of Operations

Comparison of the three months ended June 30, 2023 and 2022

The following table summarizes our results of operations for the three months ended June 30, 2023 and 2022:

(in thousands)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Change
Operating expenses:			
Research and development	$ 43,618	$ 37,129	$ 6,489
Acquired in-process research and development	150	—	150
Selling, general and administrative	10,107	14,620	(4,513)
Total operating expenses	53,875	51,749	2,126
Loss from operations	(53,875)	(51,749)	(2,126)
Other income			
Other income	3,647	759	2,888
Total other income	3,647	759	2,888
Net loss	$ (50,228)	$ (50,990)	$ 762

The following discussion presents the components of our expenses for the periods presented:

Research and Development Expenses

(in thousands)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Change
Direct, external research and development expenses by program:			
Adintrevimab	$ 612	$ 23,213	$ (22,601)
VYD222	31,452	—	31,452
Unallocated research and development expenses:			
Personnel-related costs	6,501	9,197	(2,696)
External discovery-related and other costs	5,053	4,719	334
Total research and development expenses	$ 43,618	$ 37,129	$ 6,489

Research and development expenses were $43.6 million for the three months ended June 30, 2023, compared to $37.1 million for the three months ended June 30, 2022. The $6.5 million increase in research and development expenses was primarily due to the following:

•The decrease in direct costs related to our adintrevimab program of $22.6 million was primarily due to a $7.3 million and a $13.0 million decrease in our contract manufacturing and contract research expenses, respectively, driven by expenses incurred for our adintrevimab clinical trials and manufacturing during the three months ended June 30, 2022, for which there was no comparable spend during the three months ended June 30, 2023. In addition, other external and non-clinical expenses related to our adintrevimab program decreased by $2.3 million.

•The increase in direct costs related to our VYD222 program was due to the nomination of our VYD222 product candidate in 2023 to proceed to IND-enabling activities. The costs were primarily related to contract manufacturing expenses for VYD222 commercial manufacturing.

•Personnel-related costs, including salaries, bonuses, benefits and other compensation-related costs were $4.9 million and stock-based compensation expense was $1.6 million for the three months ended June 30, 2023, compared to personnel-related costs of $5.8 million and stock-based compensation expense of $3.4 million for the three months ended June 30, 2022. The decrease in personnel-related costs of $2.7 million was primarily due to a reduction in headcount, including a decrease in stock-based compensation expense of $1.8 million.

•The increase in external discovery-related and other costs of $0.3 million was primarily due to an increase in contract manufacturing expenses related to our pipeline candidates of $0.6 million and an increase in other external costs of $0.5 million, partially offset by a decrease of $0.8 million related to the termination of a Research Collaboration and License Agreement with The Scripps Research Institute in 2022.

Acquired In-Process Research and Development ("IPR&D") Expenses

IPR&D expenses of $0.2 million for the three months ended June 30, 2023 consisted entirely of license fees due to WuXi Biologics under the Cell Line License Agreement.

There was no IPR&D expense recognized during the three months ended June 30, 2022.

Selling, General and Administrative Expenses

(in thousands)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Change
Personnel-related costs	$ 5,484	$ 5,784	$ (300)
Professional and consultant fees	4,322	8,245	(3,923)
Other	301	591	(290)
Total selling, general and administrative expenses	$ 10,107	$ 14,620	$ (4,513)

Selling, general and administrative expenses were $10.1 million for the three months ended June 30, 2023, compared to $14.6 million for the three months ended June 30, 2022. The $4.5 million decrease in selling, general and administrative expenses was primarily due to the following:

•Personnel-related costs, including salaries, bonuses, benefits and other compensation-related costs were $2.4 million and stock-based compensation expense was $3.1 million for the three months ended June 30, 2023, compared to personnel-related costs of $2.8 million and stock-based compensation expense of $3.0 million for the three months ended June 30,

2022. The decrease in personnel-related costs of $0.3 million was primarily due to a reduction in headcount for the three months ended June 30, 2023.

•The decrease in professional and consultant fees of $3.9 million was primarily due to a $3.1 million decrease in legal fees incurred for the three months ended June 30, 2022, for which there was no comparable spend for the three months ended June 30, 2023, a decrease in director and officer insurance premiums of $0.5 million and a decrease in commercial costs of $0.3 million.

•Other costs remained relatively consistent between periods.

Other Income

Other income was $3.6 million for the three months ended June 30, 2023, consisting primarily of $1.6 million of interest earned on our invested cash balances and $2.0 million of net accretion of discounts related to our marketable securities.

Other income was $0.8 million for the three months ended June 30, 2022, consisting primarily of interest earned on invested cash balances.

Comparison of the six months ended June 30, 2023 and 2022

The following table summarizes our results of operations for the six months ended June 30, 2023 and 2022:

(in thousands)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	Change
Operating expenses:			
Research and development	$ 70,819	$ 129,164	$ (58,345)
Acquired in-process research and development	975	—	975
Selling, general and administrative	21,152	23,324	(2,172)
Total operating expenses	92,946	152,488	(59,542)
Loss from operations	(92,946)	(152,488)	59,542
Other income (expense):			
Other income (expense), net	7,397	832	6,565
Total other income (expense), net	7,397	832	6,565
Net loss	$ (85,549)	$ (151,656)	$ 66,107

The following discussion presents the components of our expenses for the periods presented:

Research and Development Expenses

(in thousands)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	Change
Direct, external research and development expenses by program:			
Adintrevimab	$ 3,149	100,796	$ (97,647)
VYD222	40,367	—	40,367
Unallocated research and development expenses:			
Personnel-related costs	13,797	18,709	(4,912)
External discovery-related and other costs	13,506	9,659	3,847
Total research and development expenses	$ 70,819	$ 129,164	$ (58,345)

Research and development expenses were $70.8 million for the six months ended June 30, 2023, compared to $129.2 million for the six months ended June 30, 2022. The $58.4 million decrease in research and development expenses was primarily due to the following:

•The decrease in direct costs related to our adintrevimab program of $97.6 million was primarily due to a $60.5 million and a $32.7 million decrease in our contract manufacturing and contract research expenses, respectively, driven by expenses incurred for our adintrevimab clinical trials and manufacturing during the six months ended June 30, 2022, for which there was no comparable spend during the six months ended June 30, 2023. In addition, other external and non-clinical expenses related to our adintrevimab program decreased by $4.4 million.

•The increase in direct costs related to our VYD222 program was due to the nomination of our VYD222 product candidate in 2023 to proceed to IND-enabling activities. The costs were primarily related to contract manufacturing expenses for VYD222 commercial manufacturing.

•Personnel-related costs, including salaries, bonuses, benefits and other compensation-related costs were $9.9 million and stock-based compensation expense was $3.9 million for the six months ended June 30, 2023, compared to personnel-related costs of $12.2 million and stock-based compensation expense of $6.5 million for the six months ended June 30, 2022. The decrease in personnel-related costs of $4.9 million was primarily due to a reduction in headcount, including a decrease in stock-based compensation expense of $2.6 million.

•The increase in external discovery-related and other costs of $3.8 million was primarily due to an increase in contract manufacturing expenses related to our pipeline candidates of $3.7 million and an increase in other external costs of $1.8 million, partially offset by a decrease in non-clinical and clinical trial costs of $1.7 million.

Acquired In-Process Research and Development ("IPR&D") Expenses

IPR&D expenses of $1.0 million for the six months ended June 30, 2023 consisted of a $0.4 million milestone payment that became due to Adimab in March 2023 upon dosing of the first subject in a Phase 1 clinical trial evaluating VYD222 under the Adimab License Agreement and $0.6 million in license fees due to WuXi Biologics under the Cell Line License Agreement.

There was no IPR&D expense recognized during the six months ended June 30, 2022.

Selling, General and Administrative Expenses

(in thousands)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	Change
Personnel-related costs	$ 11,752	$ 7,426	$ 4,326
Professional and consultant fees	8,502	14,906	(6,404)
Other	898	992	(94)
Total selling, general and administrative expenses	$ 21,152	$ 23,324	$ (2,172)

Selling, general and administrative expenses were $21.2 million for the six months ended June 30, 2023, compared to $23.3 million for the six months ended June 30, 2022. The $2.1 million decrease in selling, general and administrative expenses was primarily due to the following:

•Personnel-related costs, including salaries, bonuses, benefits and other compensation-related costs were $5.6 million and stock-based compensation expense was $6.2 million for the six months ended June 30, 2023, compared to personnel-related costs of $5.6 million and a stock-based compensation credit of $1.8 million for the six months ended June 30, 2022. The increase in personnel-related costs of $4.3 million was primarily due to the reversal of stock-based compensation expense related to the forfeiture of stock options in conjunction with the resignation of our former Chief Executive Officer and President during the six months ended June 30, 2022.

•The decrease in professional and consultant fees of $6.4 million was primarily due to a $4.6 million decrease in legal fees incurred for the six months ended June 30, 2022, a decrease in director and officer insurance premiums of $1.0 million and a decrease in commercial costs of $0.8 million.

•Other costs remained relatively consistent between periods.

Other Income

Other income was $7.4 million for the six months ended June 30, 2023, consisting primarily of $2.7 million of interest earned on our invested cash balances and $4.7 million of net accretion of discounts related to our marketable securities.

Other income was $0.8 million for the six months ended June 30, 2022, consisting primarily of interest earned on invested cash balances.

Liquidity and Capital Resources

Sources of Liquidity

Since our inception in June 2020, we have not generated any revenue from any sources, including from product sales or government supply contracts, and have incurred significant operating losses and negative cash flows from operations. We expect to incur substantial expenses and operating losses for the foreseeable future as we advance the clinical development of our product candidates. To date, we have financed our operations with net proceeds of $464.7 million from sales of our preferred stock, and with aggregate net proceeds from our IPO in August 2021 of $327.5 million.

As of June 30, 2023, we had cash, cash equivalents and marketable securities of $298.4 million.

Cash Flows

The following table summarizes our sources and uses of cash for each of the periods presented:

(in thousands)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Net cash used in operating activities	$ (78,572)	$ (116,441)
Net cash provided by investing activities	107,631	48,983
Net cash provided by financing activities	812	119
Net increase (decrease) in cash and cash equivalents	$ 29,871	$ (67,339)

Operating Activities

During the six months ended June 30, 2023, operating activities used $78.6 million of cash, primarily due to our net loss of $85.5 million, partially offset by non-cash charges of $6.5 million. Net cash used in changes in our operating assets and liabilities consisted of a $6.6 million decrease in prepaid expenses and other current assets, partially offset by a $2.6 million increase in accounts payable, and a $5.3 million increase in accrued expenses. The increase in accounts payable and accrued expenses was primarily due to the timing of vendor invoicing and payments. The decrease in prepaid expenses and other current assets was primarily due to up-front payments related to our Phase 1 clinical trial for VYD222 and up-front payments to WuXi Biologics for manufacturing costs.

During the six months ended June 30, 2022, operating activities used $116.4 million of cash, primarily due to our net loss of $151.7 million, partially offset by non-cash charges of $8.8 million. Net cash provided by changes in our operating assets and liabilities consisted of a $8.4 million increase in accounts payable, partially offset by a $18.8 million decrease in prepaid expenses and other current assets, a $3.7 million decrease in accrued expenses, and a $3.0 million decrease in other non-current assets. The increase in accounts payable and decrease in accrued expenses was primarily due to the timing of vendor invoicing and payments. The decrease in prepaid expenses and other current assets and the decrease in other non-current assets was primarily due to our utilization of WuXi Biologics manufacturing deposits.

Investing Activities

Net cash provided by investing activities during the six months ended June 30, 2023 consisted of $199.4 million in maturities of marketable securities, offset by $91.2 million in purchases of investments and $0.6 million in purchases of property and equipment.

Net cash provided by investing activities during the six months ended June 30, 2022 primarily consisted of $49.0 million in maturities of marketable securities.

Financing Activities

Net cash provided by financing activities during the six months ended June 30, 2023 consisted of $0.7 million from exercises of stock options and $0.1 million from issuance of common stock under the employee stock purchase plan.

Net cash provided by financing activities during the six months ended June 30, 2022 primarily consisted of $0.1 million from exercises of stock options.

Funding Requirements

Our expenses could increase in connection with our ongoing activities, particularly as we advance the non-clinical and preclinical studies and the clinical trials of our product candidates, including any associated manufacturing activities, and commercialization efforts. Our funding requirements and timing and amount of our operating expenditures will depend on many factors, including:

- the rate of progress in the development of VYD222 and our other product candidates;
- the scope, progress, results and costs of discovery, non-clinical studies, preclinical development, laboratory testing and clinical trials for our product candidates and associated development programs;
- the extent to which we develop, in-license or acquire other product candidates and technologies in our pipeline;
- the scope, progress, results and costs of manufacturing and validation activities associated with our current product candidates with the development and manufacturing of our future product candidates and other programs as we advance them through preclinical and clinical development;
- the number and development requirements of product candidates that we may pursue;
- the costs, timing and outcome of regulatory review of our product candidates;

•our headcount growth and associated costs as we expand our research and development capabilities and establish a commercial infrastructure for any product candidates for which we may obtain regulatory approval or EUA;

•the timing and costs of securing sufficient capacity for clinical and commercial supply of our current and potential future product candidates, or the raw material components thereof;

•the costs and timing of future commercialization activities, including product manufacturing, marketing, sales and distribution, for any of our product candidates for which we receive marketing approval or EUA;

•the costs necessary to obtain regulatory approvals, if any, for products in the U.S. and other jurisdictions, and the costs of post-marketing studies that could be required by regulatory authorities in jurisdictions where approval is obtained;

•the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims;

•the continuation of our existing licensing and collaboration arrangements and entry into new collaborations and licensing arrangements, if at all;

•the need and ability to hire additional research, clinical, development, scientific and manufacturing personnel;

•the costs we incur in maintaining business operations;

•the need to implement additional internal systems and infrastructure;

•the effect of competing technological, product and market developments;

•the revenue, if any, received from commercial sales of our product candidates for which we receive marketing approval;

•the costs of operating as a public company; and

•the progression of the COVID-19 pandemic and emergence of potential outbreaks of other coronaviruses, including the impact of any business interruptions to our operations or to those of our contract manufacturers, suppliers or other vendors resulting from the COVID-19 pandemic or other similar public health crises.

We believe that our cash, cash equivalents and marketable securities will enable us to fund our operating expenses and capital expenditure requirements into the fourth quarter of 2024. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect.

Until such time, if ever, as we can generate significant product revenue, we expect to finance our operations through a combination of equity offerings, government or private-party funding or grants, debt financings, collaborations with other companies, strategic alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of such securities may include liquidation or other preferences and anti-dilution protections that adversely affect your rights as a common stockholder. Additional debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring debt, making acquisitions or capital expenditures or declaring dividends, which could adversely constrain our ability to conduct our business, and may require the issuance of warrants, which could potentially dilute your ownership interest. If we raise additional funds through collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs, or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings or through other sources, when needed, we may be required to delay, limit, reduce or terminate our product development programs or any future commercialization efforts or grant rights to develop and market product candidates to third parties that we would otherwise prefer to develop and market ourselves.

Contractual Obligations and Commitments

In June 2023, we committed to a noncancelable purchase obligation related to the procurement of resin for future use in VYD222 drug substance batches under the Amended and Restated Commercial Manufacturing Services Agreement with WuXi Biologics (the “Commercial Manufacturing Agreement”). The total costs of contractually binding resin to be incurred by us is $10.4 million. In July 2023, we committed to a noncancelable purchase obligation related to the procurement of materials to be used in VYD222 drug substance and drug product batches under the Commercial Manufacturing Agreement. The total costs of contractually binding materials to be incurred by us is $4.3 million. For additional information, see Note 9 to our condensed consolidated financial statements appearing in this Quarterly Report on Form 10-Q. Other than the above noted transactions, during the three and six months ended June 30, 2023, there were no material changes to our contractual obligations from those described in the 2022 Form 10-K.

Critical Accounting Policies and Significant Judgments and Estimates

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States. The preparation of our financial statements and related disclosures requires us to make estimates, assumptions and judgments that affect the reported amount of assets, liabilities, revenue, costs and expenses, and related disclosures. Our critical accounting policies and estimates

are described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Judgments and Estimates” in our 2022 Form 10-K. If actual results or events differ materially from the estimates, judgments and assumptions used by us in applying these policies, our reported financial condition and results of operations could be materially affected. There have been no significant changes to our critical accounting policies and estimates from those described in the 2022 Form 10-K.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position, results of operations and cash flows is disclosed in Note 2 to our condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q.

Emerging Growth Company Status

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and will remain an emerging growth company until the last day of the fiscal year following the fifth anniversary of the completion of our IPO. However, if certain events occur prior to the end of such five-year period, including if we become a “large accelerated filer,” our annual gross revenues exceed $1.235 billion or we issue more than $1.0 billion of non-convertible debt in the previous three-year period, we will cease to be an emerging growth company prior to the end of such five-year period. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced “Management’s Discussion and Analysis of Financial Condition and Results of Operations” disclosure;
- an exemption from compliance with the auditor attestation requirement in the assessment of our internal control over financial reporting;
- reduced disclosure obligations regarding executive compensation;
- exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved; and
- an exemption from compliance with the requirements of the Public Company Accounting Oversight Board regarding the communication of critical audit matters in the auditor’s report on the financial statements.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of these accounting standards until they would otherwise apply to private companies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (our principal executive officer and principal financial officer), evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2023. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2023, our Chief Executive Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

On January 31, 2023, a securities class action lawsuit captioned Brill v. Invivyd, Inc., et. al., Case No. 1:23-CV-10254-LTS, was filed against us and certain of our former officers in the U.S. District Court for the District of Massachusetts. The complaint alleges violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder on the basis of purportedly materially false and misleading statements and omissions concerning ADG20's effectiveness against the Omicron variant of COVID-19. The complaint seeks, among other things, unspecified damages, attorneys' fees, expert fees, and other costs. The court appointed lead plaintiffs for the action on June 28, 2023, and has set an August 23, 2023 deadline for lead plaintiffs to file an amended complaint.

We believe that we have strong defenses and we intend to vigorously defend against this action. The lawsuit is in early stages, and, at this time, no assessment can be made as to the likely outcome or whether the outcome will be material to us.

Additionally, we received a request from the SEC, dated March 22, 2023, for documents and information concerning, among other matters, our testing and analysis of the efficacy of ADG20 against Omicron and other COVID-19 variants, our public statements regarding the potential use of ADG20 against the Omicron variant, and related communications with investors and the media. By letter dated August 9, 2023, the SEC notified us that the SEC had concluded its investigation and does not intend to recommend any action against us.

Item 1A. Risk Factors.

Information regarding risks and uncertainties related to our business appears in Part I, Item 1A. "Risk Factors" of our 2022 Form 10-K. There have been no material changes from the risk factors set forth in our 2022 Form 10-K.

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

Recent Sales of Unregistered Securities; Use of Proceeds

We did not issue any unregistered equity securities during the three months ended June 30, 2023.

Purchases of Equity Securities by the Issuer

Period	Total Number of Shares (or Units) Purchased		Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
April 1, 2023 to April 30, 2023	—		—	—	—
May 1, 2023 to May 31, 2023	46,600	(1)	$ 0.002	—	—
June 1, 2023 to June 30, 2023	—		—	—	—
Total	46,600		$ 0.002	—	—

(1) We repurchased shares of our common stock that were previously issued upon the early exercise of employee stock options in connection with the exercise of our repurchase right upon cessation of service of certain of our employees and directors.

Item 5. Other Information.

On August 8, 2023, the Board of Directors (the "Board") of Invivyd, Inc. (the "Company") designated David Hering, M.B.A., the Company's Chief Executive Officer, as the Company's principal financial officer, effective immediately. Mr. Hering will continue to serve as the Company's Chief Executive Officer.

Mr. Hering, age 49, has served as the Company's Chief Executive Officer and a member of the Board since July 2022. He previously served as the Company's Interim Chief Executive Officer from February 2022 until July 2022 and as the Company's Chief Operating Officer from June 2021 until July 2022. Prior to joining the Company, Mr. Hering served as the Head of the mRNA Global Franchise Business of Pfizer, Inc. from April 2021 to June 2021, the President of North America Vaccines of Pfizer, Inc. from December 2018 to April 2021 and the Vaccines Commercial Officer of Pfizer, Inc. from June 2015 to December 2018. Before joining Pfizer in 2015, Mr. Hering spent seven years at Novartis Vaccines, where he held the position of Head of the North America Region. Mr. Hering received an M.B.A. from Harvard Business School and a B.S. in Operations Research and Industrial Engineering from Cornell University.

Mr. Hering and the Company did not enter into a new compensation plan or arrangement, or modify Mr. Hering's current compensation arrangement, in connection with Mr. Hering being designated the Company's principal financial officer. Mr. Hering will continue to be compensated pursuant to that certain Employment Agreement, dated July 5, 2022 and amended on June 15, 2023, between Mr. Hering and the Company. There are also no family relationships between Mr. Hering and any director or executive officer of the Company and Mr. Hering has no direct or indirect interest in any transaction or proposed transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (File No. 001-40703), filed with the Securities and Exchange Commission on August 10, 2021).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (File No. 001-40703), filed with the Securities and Exchange Commission on September 13, 2022).
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (File No. 001-40703), filed with the Securities and Exchange Commission on May 25, 2023).
3.4	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K (File No. 001-40703), filed with the Securities and Exchange Commission on September 13, 2022).
3.5	Amendment No. 1 to the Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K (File No. 001-40703), filed with the Securities and Exchange Commission on September 13, 2022).
3.6	Delaware Certificate of Change of Registered Agent (incorporated by reference to Exhibit 3.3 of the Company's Registration Statement on Form S-3 (File No. 333-267643), filed with the Securities and Exchange Commission on September 28, 2022).
10.1*+	First Amendment to the Employment Agreement of David Hering by and between the Company and David Hering, dated June 15, 2023.
31.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1^	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

\+ Indicates management contract or compensatory plan.

^ Furnished herewith and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent specifically incorporated by reference into such filing.

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.

INVIVYD, INC.

Date: August 10, 2023

By: /s/ David Hering, M.B.A.
David Hering, M.B.A.
Chief Executive Officer and Director
(Principal Executive Officer and Principal Financial Officer)

Exhibit 10.1

FIRST AMENDMENT TO THE
EMPLOYMENT AGREEMENT OF DAVID HERING

This First Amendment to the Employment Agreement of David Hering (the "***First Amendment***") is entered into this June 15, 2023 (the "***Effective Date***"), by and between David Hering (the "***Executive***") and **Invivyd, Inc.** (the "***Company***").

Recitals

WHEREAS, the Company and the Executive have entered into that certain Employment Agreement dated July 5, 2022, which amended and restated that certain Amended and Restated Employment Agreement dated April 5, 2021, as amended on February 23, 2022 (the "***Executive Agreement***");

WHEREAS, on or around September 12, 2022, the Company changed its corporate name from "Adagio Therapeutics, Inc." to "Invivyd, Inc."; and

WHEREAS, the Company and the Executive wish to amend the Executive Agreement as set forth in this First Amendment.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valid consideration, the sufficiency of which is acknowledged, the parties hereto agree as follows:

Agreement

1.Amendment to Section 2. Section 2 shall be amended to include subsection (h), which shall read as follows:

(h) Relocation Payment. The Company will pay the Executive a one-time relocation payment of $75,000, grossed up, for purposes of the Executive's relocation to the Commonwealth of Massachusetts, within thirty (30) calendar days of the Executive's closing on the purchase of a dwelling in the Commonwealth of Massachusetts ("Relocation Payment"), in order to complete the Executive's duties from the Company's corporate headquarters. The Relocation Payment will be considered earned on the twelve (12) month anniversary of payment of the Relocation Payment ("Relocation Payment Anniversary Date"). If the Executive (i) is terminated for Cause (as defined below) or (ii) resigns from his employment without Good Reason (as defined below) prior to the Relocation Payment Anniversary Date, the Executive will be required to, and hereby agrees to, repay $75,000, representing the net amount of the Relocation Payment, to the Company within thirty (30) days of the Date of Termination (as defined below). The Executive hereby agrees and authorizes the Company to deduct any amounts owed to the Company by the Executive pertaining to the Relocation Payment from the Executive's final paycheck to the maximum extent permitted by law. For the avoidance of doubt, after any deduction from the Executive's final paycheck, the Executive will remain responsible for the remainder of repayments set forth in this Section 2(h), to be paid to the Company within thirty (30) days of the Date of Termination.

2.Amendment to Section 3(e)(iii). Section 3(e)(iii) of the Executive Agreement is hereby replaced in its entirety as follows:

> a material breach of this Agreement by the Company, including without limitation, a reduction of the Executive's Base Salary or Target Bonus in violation of Section 2(a) or 2(b) (except for across-the-board salary reductions of not more than ten percent (10%) similarly affecting all or substantially all senior management employees of the Company), a relocation of the Executive's place of employment to any location that is greater than twenty (20) miles from the Company's corporate office located at 1601 Trapelo Road, Waltham, Massachusetts, or the failure of the Company to obtain the assumption in writing of the Company's obligations to the Executive under this Agreement by any successor as required under Section 13 below.

3.Amendment to Section 10. Section 10 of the Executive Agreement is hereby replaced in its entirety as follows:

> The parties hereby consent to the jurisdiction of the state and federal courts of the Commonwealth of Massachusetts. Accordingly, with respect to any such court action, the Executive (a) submits to the exclusive personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

4.Amendment to Sections 22(a) and 22(b). Sections 22(a) and 22(b) of the Executive Agreement are hereby replaced in their entirety as follows:

> (a)This Agreement will be governed by and construed in accordance with applicable federal laws and, to the extent not inconsistent therewith or preempted thereby, with the laws of the Commonwealth of Massachusetts, including any applicable statutes of limitation, without regard to any otherwise applicable principles of conflicts of laws or choice of law rules (whether of the Commonwealth of Massachusetts or any other jurisdiction) that would result in the application of the substantive or procedural rules or law of any other jurisdiction.
>
> (b)Each party agrees that any controversy or claim arising out of or relating to this Agreement or the alleged breach hereof shall be instituted in the United States District Court for the District of Massachusetts, or if that court does not have or will not accept jurisdiction, in any court of general jurisdiction in the Commonwealth of Massachusetts, and Executive and the Company hereby consent to the personal and exclusive jurisdiction of such court(s) and hereby waive any objection(s) that any such party may have to personal jurisdiction, the laying of venue of any such proceedings and any claim or defense of inconvenient forum.

5.Amendment to Section 18 of the Form Separation Agreement in Appendix B. Section 18 of the Form Separation Agreement in Appendix B of the Executive Agreement shall be replaced in its entirety as follows:

> This Agreement, including any exhibits, constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to this subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question will be modified by the court so as to be rendered enforceable. This Agreement will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the Commonwealth of Massachusetts as applied to contracts made and to be performed entirely within Massachusetts.

6.Amendment throughout the Executive Agreement. References to the "Company" throughout the Executive Agreement and appendices to the Executive Agreement shall hereinafter refer to "Invivyd, Inc."

7.The Company and the Executive further agree that this First Amendment does not constitute grounds for "Good Reason" pursuant to Section 3(e) of the Executive Agreement, or otherwise constitute any trigger for the Company's payment of any severance benefits to the Executive pursuant to the Executive Agreement.

8.Except as modified or amended in this First Amendment, no other term or provision of the Executive Agreement is amended or modified in any respect. The Executive remains employed "at will." The Executive Agreement and its appendices, the Employee Proprietary Information and Inventions Assignment Agreement, and this First Amendment set forth the entire understanding between the parties with regard to the subject matter hereof and supersedes any prior oral discussions or written communications and agreements. This First Amendment cannot be modified or amended except in writing signed by the Executive and an authorized officer of the Company. This First Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document. The execution of this First Amendment may be by actual or electronic (including by means of facsimile or email transmission) signature.

[*Signature page follows*]

The parties have executed this First Amendment to the Employment Agreement of David Hering on the day and year first written above.

Invivyd, Inc.

/s/ Marc Elia
Marc Elia
Chairperson of the Board of Directors

Executive

/s/ David Hering
David Hering

Date: 6/12/2023

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Hering, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of Invivyd, Inc.;

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

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

4.I am 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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

5.I have disclosed, based on my 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: August 10, 2023

By: /s/ David Hering, M.B.A.
David Hering, M.B.A.
Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Invivyd, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: August 10, 2023

By: /s/ David Hering, M.B.A.
David Hering, M.B.A.
Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any of the Company's filings 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 Report), irrespective of any general incorporation language contained in such filing.