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

FORM 10-Q

(Mark one)

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

For the quarterly period ended September 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: 001-39452

INHIBRX, INC.

(Exact name of registrant as specified in its charter)

Delaware	**82-4257312**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
11025 N. Torrey Pines Road , Suite 200 La Jolla , California	**92037**
(Address of principal executive offices)	**(Zip Code)**

(858) 795-4220

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.0001	INBX	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 Securities 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 October 31, 2023, the registrant had 47,290,666 shares of common stock outstanding.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, or this Quarterly Report, contains express and implied forward-looking statements that involve risks and uncertainties. Except as otherwise indicated by the context, references in this Quarterly Report to "we," "us" and "our" are to the consolidated business of the Company. All statements other than statements of historical facts contained in this Quarterly Report are forward-looking statements. In some cases, you can identify forward-looking statements by words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "possible," "potential," "predict," "project," "design," "seek," "should," "target," "will," "would" or the negative of these words or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- the initiation, timing, progress and results of our research and development programs as well as our preclinical studies and clinical trials;
- our ability to advance therapeutic candidates into, and successfully complete, clinical trials;
- our interpretation of initial, interim or preliminary data from our clinical trials, including interpretations regarding disease control and disease response;
- the timing or likelihood of regulatory filings and approvals;
- the commercialization of our therapeutic candidates, if approved;
- the pricing, coverage and reimbursement of our therapeutic candidates, if approved;
- our ability to utilize our technology platform to generate and advance additional therapeutic candidates;
- the implementation of our business model and strategic plans for our business and therapeutic candidates;
- our ability to successfully manufacture our therapeutic candidates for clinical trials and commercial use, if approved;
- our ability to contract with third-party suppliers and manufacturers and their ability to perform adequately;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our therapeutic candidates;
- our ability to enter into strategic partnerships and the potential benefits of such partnerships;
- our estimates regarding expenses, capital requirements and needs for additional financing;
- our ability to raise funds needed to satisfy our capital requirements, which may depend on financial, economic and market conditions and other factors, over which we may have no or limited control;
- our ability to continue operations and advance our therapeutic candidates through clinical trials, as well as the ability of our third party manufacturers to provide the required raw materials, antibodies and other biologics for our preclinical research and clinical trials, in light of the current market conditions, labor conditions and geopolitical events;
- our ability to retain the continued service of our key professionals and to identify, hire and retain additional qualified professionals; and
- developments relating to our competitors and our industry.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described under the header "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the Securities and Exchange Commission, or the SEC, on March 6, 2023, and as updated in our Quarterly Report on Form 10-Q for the three months ended March 31, 2023, filed with the SEC on May 8, 2023. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Quarterly Report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive

inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Quarterly Report to conform these statements to new information, actual results or to changes in our expectations, except as required by law.

You should read this Quarterly Report and the documents that we file with the SEC with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

This Quarterly Report includes trademarks, tradenames and service marks that are the property of other organizations. Solely for convenience, trademarks and tradenames referred to in this Quarterly Report appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or that the applicable owner will not assert its rights, to these trademarks and tradenames.

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Part I — Financial Information

Item 1. Financial Statements.

Inhibrx, Inc.
Condensed Consolidated Balance Sheets
(In thousands, except share data and par value)
(Unaudited)

	SEPTEMBER 30, 2023	DECEMBER 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 337,327	$ 273,865
Accounts receivable	331	243
Receivables from related parties	—	14
Prepaid expenses and other current assets	25,639	6,371
Total current assets	363,297	280,493
Property and equipment, net	2,864	2,501
Operating right-of-use asset	3,408	4,717
Other non-current assets	3,164	3,164
Total assets	$ 372,733	$ 290,875
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 7,858	$ 8,326
Accrued expenses	25,902	17,224
Deferred revenue	—	166
Current portion of operating lease liability	2,011	1,860
Total current liabilities	35,771	27,576
Long-term debt, including final payment fee	205,721	202,069
Non-current portion of operating lease liability	1,646	3,173
Total liabilities	243,138	232,818
Commitments and contingencies (Note 8)		
Stockholders' equity		
Preferred stock, $ 0.0001 par value; 15,000,000 shares authorized as of September 30, 2023 and December 31, 2022; no shares issued or outstanding as of September 30, 2023 and December 31, 2022.	—	—
Common stock, $ 0.0001 par value; 120,000,000 shares authorized as of September 30, 2023 and December 31, 2022; 47,290,666 and 43,564,283 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively.	5	4
Additional paid-in-capital	649,720	430,426
Accumulated deficit	(520,130)	(372,373)
Total stockholders' equity	129,595	58,057
Total liabilities and stockholders' equity	$ 372,733	$ 290,875

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

Inhibrx, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2023	**2022**	**2023**	**2022**
Revenue:				
License fee revenue	$ 119	$ 278	$ 166	$ 1,904
Grant revenue	—	—	—	14
Total revenue	119	278	166	1,918
Operating expenses:				
Research and development	38,057	24,934	109,549	79,735
General and administrative	7,889	5,347	21,549	15,800
Total operating expenses	45,946	30,281	131,098	95,535
Loss from operations	(45,827)	(30,003)	(130,932)	(93,617)
Other income (expense):				
Interest expense	(8,149)	(5,547)	(23,617)	(11,067)
Interest income	2,324	207	7,221	305
Other income (expense), net	(135)	18	(422)	72
Total other expense	(5,960)	(5,322)	(16,818)	(10,690)
Loss before income tax expense	(51,787)	(35,325)	(147,750)	(104,307)
Provision for income taxes	2	—	7	4
Net loss	(51,789)	(35,325)	(147,757)	(104,311)
Net loss per share, basic and diluted	$ (1.10)	$ (0.90)	$ (3.30)	$ (2.67)
Weighted-average shares of common stock and pre-funded warrants outstanding, basic and diluted	47,151	39,071	44,803	39,043

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

Inhibrx, Inc.
Condensed Consolidated Statements of Stockholders' Equity (Deficit)
(In thousands)
(Unaudited)

	Common Stock (Shares)	Common Stock (Amount)	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance as of December 31, 2022	43,564	$ 4	$ 430,426	$ (372,373)	$ 58,057
Stock-based compensation expense	—	—	5,636	—	5,636
Issuance of shares upon exercise of stock options	31	—	356	—	356
Net loss	—	—	—	(48,916)	(48,916)
Balance as of March 31, 2023	43,595	$ 4	$ 436,418	$ (421,289)	$ 15,133
Stock-based compensation expense	—	—	6,253	—	6,253
Issuance of shares upon exercise of stock options	72	—	854	—	854
Net loss	—	—	—	(47,052)	(47,052)
Balance as of June 30, 2023	43,667	$ 4	$ 443,525	$ (468,341)	$ (24,812)
Stock-based compensation expense	—	—	6,530	—	6,530
Issuance of shares upon exercise of stock options	2	—	21	—	21
Issuance of common stock and pre-funded warrants in private placement, net of issuance costs	3,621	1	199,644	—	199,645
Net loss	—	—	—	(51,789)	(51,789)
Balance as of September 30, 2023	47,290	$ 5	$ 649,720	$ (520,130)	$ 129,595

	Common Stock (Shares)	Common Stock (Amount)	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance as of December 31, 2021	38,991	$ 4	$ 279,526	$ (227,147)	$ 52,383
Stock-based compensation expense	—	—	5,108	—	5,108
Issuance of shares upon exercise of stock options	35	—	401	—	401
Issuance of warrants	—	—	712	—	712
Net loss	—	—	—	(31,254)	(31,254)
Balance as of March 31, 2022	39,026	$ 4	$ 285,747	$ (258,401)	$ 27,350
Stock-based compensation expense	—	—	5,296	—	5,296
Issuance of shares upon exercise of stock options	15	—	164	—	164
Net loss	—	—	—	(37,732)	(37,732)
Balance as of June 30, 2022	39,041	$ 4	$ 291,207	$ (296,133)	$ (4,922)
Stock-based compensation expense	—	—	4,691	—	4,691
Issuance of shares upon exercise of stock options	45	—	506	—	506
Net loss	—	—	—	(35,325)	(35,325)
Balance as of September 30, 2022	39,086	$ 4	$ 296,404	$ (331,458)	$ (35,050)

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

Inhibrx, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2023	**2022**
Cash flows from operating activities		
Net loss	$ (147,757)	$ (104,311)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	893	923
Accretion of debt discount and non-cash interest expense	3,652	2,190
Stock-based compensation expense	18,419	15,095
Non-cash lease expense	1,309	1,203
Loss on disposal of fixed assets	3	18
Changes in operating assets and liabilities:		
Accounts receivable	(88)	130
Receivables from related parties	14	433
Prepaid expenses and other current assets	(19,268)	(383)
Other non-current assets	—	(1,317)
Accounts payable	(801)	(724)
Accrued expenses	8,678	4,984
Operating lease liability	(1,376)	(1,238)
Deferred revenue, current portion	(166)	(1,594)
Deferred revenue, non-current portion	—	(110)
Net cash used in operating activities	(136,488)	(84,701)
Cash flows from investing activities		
Purchase of fixed assets	(1,151)	(419)
Net cash used in investing activities	(1,151)	(419)
Cash flows from financing activities		
Proceeds from issuance of common stock and pre-funded warrants in private placement	200,000	—
Issuance costs associated with issuance of common stock and pre-funded warrants in private placement	(130)	—
Proceeds from the issuance of debt	—	98,871
Payment of fees associated with debt	—	(50)
Proceeds from the exercise of stock options	1,231	1,071
Net cash provided by financing activities	201,101	99,892
Net increase in cash and cash equivalents	63,462	14,772
Cash and cash equivalents at beginning of period	273,865	131,301
Cash and cash equivalents at end of period	$ 337,327	$ 146,073

Supplemental schedule of non-cash investing and financing activities				
Payable for purchase of fixed assets	$	108	$	261
Issuance costs associated with the issuance of common stock and pre-funded warrants in private placement in accounts payable	$	225	$	—
Fair value of warrants issued to lender in conjunction with February 2022 Amendment (as defined in Note 3)	$	—	$	712

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

Inhibrx, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Inhibrx, Inc., or the Company, or Inhibrx, is a clinical-stage biopharmaceutical company focused on developing a broad pipeline of novel biologic therapeutic candidates. The Company combines target biology with protein engineering, technologies, and research and development to design therapeutic candidates. The Company's current pipeline is focused on oncology and orphan diseases.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, or GAAP, and applicable rules and regulations of the Securities and Exchange Commission, or the SEC, related to an interim report on the Form 10-Q. The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

The unaudited interim condensed consolidated financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results for the periods presented. All such adjustments are of a normal and recurring nature. The operating results presented in these unaudited interim condensed consolidated financial statements are not necessarily indicative of the results that may be expected for any future periods.

Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted. Accordingly, the accompanying unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto for the fiscal year ended December 31, 2022, which are included in the Company's Annual Report on Form 10-K filed with the SEC on March 6, 2023.

Liquidity

As of September 30, 2023, the Company had an accumulated deficit of $ 520.1 million and cash and cash equivalents of $ 337.3 million. From its inception and through September 30, 2023, the Company has devoted substantially all of its efforts to therapeutic drug discovery and development, conducting preclinical studies and clinical trials, enabling manufacturing activities in support of its therapeutic candidates, pre-commercialization activities, organizing and staffing the Company, establishing its intellectual property portfolio and raising capital to support and expand these activities.

In August 2023, the Company received gross proceeds of $ 200.0 million before deducting $ 0.4 million of offering expenses payable by the Company in a private placement transaction, or the Private Placement, with certain institutional and other accredited investors, or Purchasers, in which the Company sold and issued 3,621,314 shares of the Company's common stock and, with respect to certain Purchasers, pre-funded warrants to purchase 6,714,636 shares of the Company's common stock. See Note 4 for further discussion of this equity offering.

The Company believes that its existing cash and cash equivalents will be sufficient to fund the Company's operations for at least 12 months from the date these condensed consolidated financial statements are issued. The Company plans to finance its future cash needs through equity offerings, debt financings or other capital sources, including potential collaborations, licenses, strategic transactions and other similar arrangements.

If the Company does raise additional capital through public or private equity or convertible debt offerings, the ownership interests of its existing stockholders will be diluted, and the terms of those securities may include liquidation or other preferences that adversely affect its stockholders' rights. If the Company raises capital through additional debt financings, it may be subject to covenants limiting or restricting its ability to take specific actions, such as incurring additional debt or making certain capital expenditures. To the extent that the Company raises additional capital through strategic licensing, collaboration or other similar agreement, it may have to relinquish valuable rights to its therapeutic candidates, future revenue streams or research programs at an earlier stage of

development or on less favorable terms than it would otherwise choose, or to grant licenses on terms that may not be favorable to the Company. There can be no assurance as to the availability or terms upon which such financing and capital might be available in the future. If the Company is unable to secure adequate additional funding, it will need to reevaluate its operating plan and may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, delay, scale back or eliminate some or all of its development programs, or relinquish rights to its technology on less favorable terms than it would otherwise choose. These actions could materially impact its business, financial condition, results of operations and prospects.

The rules and regulations of the SEC or any other regulatory agencies may restrict the Company's ability to conduct certain types of financing activities, or may affect the timing of and amounts it can raise by undertaking such activities.

Use of Estimates

The preparation of these unaudited condensed consolidated financial statements in conformity with GAAP requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expense and the disclosure of contingent assets and liabilities in the Company's financial statements and accompanying notes. The Company's most significant estimates relate to evaluation of whether revenue recognition criteria have been met, accounting for development work and preclinical studies and clinical trials, determining the assumptions used in measuring stock-based compensation, the incremental borrowing rate estimated in relation to the Company's operating lease, and valuation allowances for the Company's deferred tax assets. The Company bases its estimates on historical experience, known trends and other market-specific or other relevant factors that it believes to be reasonable under the circumstances. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. The Company's actual results may differ from these estimates under different assumptions or conditions.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash held in financial institutions including readily available checking, overnight sweep, and money market accounts, and highly liquid investments in debt securities with an original maturity of three months or less. The Company's investments in debt securities have consisted of U.S. Treasury Bills, which were recorded at their amortized cost, reflective of the amortization or accretion of premiums or discounts.

As of September 30, 2023, the Company held no investments in debt securities. As of December 31, 2022, the Company held investments in debt securities of $ 196.3 million.

Concentrations of Credit Risk

Financial instruments that subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits by the Federal Deposit Insurance Corporation, or FDIC, of up to $250,000. The Company's cash management and investment policy limits investment instruments to investment-grade securities with the objective to preserve capital and to maintain liquidity until the funds can be used in operations. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash balances due to the financial condition of the depository institutions in which those deposits are held.

Fair Value Measurements

The Company determines the fair value measurements of applicable assets and liabilities based on a three-tier fair value hierarchy established by accounting guidance and prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

During the nine months ended September 30, 2023, the Company's investments in debt securities consisted of U.S. Treasury Bills, which were classified as Level 1 in the fair value hierarchy. Due to the short-term nature of these securities which were classified as cash equivalents, the amortized value approximated fair value and the Company did not remeasure these instruments at fair value. As of September 30, 2023, the Company held no investments in debt securities following their maturity during the three months ended September 30, 2023. The Company's outstanding debt is classified as Level 2 in the fair value hierarchy. As of September 30, 2023 and December 31, 2022, the Company had no financial instruments measured at fair value on a recurring basis.

Revenue Recognition

The Company has generated revenue from its license and collaboration agreements with partners, as well as from grants from government agencies and private not-for-profit organizations.

Collaborative Research, Development, and License Agreements

The Company enters into collaborative agreements with partners which may include the transfer of licenses, options to license and the performance of research and development activities. The terms associated with these agreements may include one or more of the following: (1) license fees; (2) nonrefundable up-front fees; (3) payments for reimbursement of research costs; (4) payments associated with achieving specific development, regulatory or commercial milestones; and (5) royalties based on specified percentages of net product sales, if any. Payments received from customers are included in deferred revenue, allocated between current and non-current on the condensed consolidated balance sheet, until all revenue recognition criteria are met.

Typically, license fees, non-refundable upfront fees and funding of research activities are considered fixed, while milestone payments, including option exercise fees, are identified as variable consideration, which is constrained and excluded from the transaction price. The Company will recognize revenue for sales-based royalty if and when a subsequent sale occurs.

The Company applies significant judgment when making estimates and assumptions under these agreements, including evaluating whether contractual obligations represent distinct performance obligations, including the assessment of whether options represent material rights, determining whether there are observable standalone prices and allocating transaction price to performance obligations within a contract, assessing whether any licenses are functional or symbolic, determining when performance obligations have been met, and assessing the recognition of variable consideration. The Company evaluates each performance obligation to determine if it can be satisfied and recognized as revenue at a point in time or over time. Typically, performance obligations consisting of a transfer of a license or the achievement of milestones are recognized at a point in time upon the transfer, while performance obligations consisting of research activities are recognized over time using an input method which is representative of the Company's efforts to fulfill the performance obligation, based on costs incurred with third-parties or internal labor hours performed.

Accrued Research and Development and Clinical Trial Costs

Research and development costs are expensed as incurred and include the cost of compensation and related expenses, as well as expenses for third parties who conduct research and development on the Company's behalf, pursuant to development and consulting agreements in place. The Company's preclinical studies and clinical trials are performed internally, by third party contract research organizations, or CROs, and/or clinical investigators. The Company also engages with contract development and manufacturing organizations, or CDMOs, for clinical supplies and manufacturing scale-up activities related to its therapeutic candidates. Invoicing from these third parties may be monthly based upon services performed or based upon milestones achieved. The Company accrues these

expenses based upon its assessment of the status of each clinical trial and the work completed, and upon information obtained from the CROs and CDMOs. The Company's estimates are dependent upon the timeliness and accuracy of data provided by the CROs and CDMOs regarding the status and cost of the studies. Costs incurred related to the Company's purchases of in-process research and development for early-stage products or products that are not commercially viable and ready for use, or have no alternative future use, are charged to expense in the period incurred. Costs incurred related to the licensing of products that have not yet received marketing approval to be marketed, or that are not commercially viable and ready for use, or have no alternative future use, are charged to expense in the period incurred.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred income taxes are recorded for temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities. Deferred tax assets and liabilities reflect the tax rates expected to be in effect for the years in which the differences are expected to reverse. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax assets will not be realized.

Net Loss Per Share

Basic net loss per share is computed by dividing net loss by the weighted average number of common stock outstanding during the same period. Diluted net loss per share is computed by dividing net loss by the weighted average number of common and common stock equivalent outstanding during the same period. The Company excludes common stock equivalents from the calculation of diluted net loss per share when the effect is anti-dilutive.

The weighted average number of common stock used in the basic and diluted net loss per common stock calculations includes the weighted-average pre-funded warrants outstanding during the period as they are exercisable at any time for nominal cash consideration.

For purposes of the diluted net loss per share calculation, warrants for purchase of common stock, other than pre-funded warrants as discussed above, and stock options are considered to be potentially dilutive securities. Accordingly, for the nine months ended September 30, 2023 and September 30, 2022, there is no difference in the number of shares used to calculate basic and diluted shares outstanding.

Potentially dilutive securities not included in the calculation of diluted net loss per share, because to do so would be anti-dilutive, are as follows (in thousands):

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2023	2022	2023	2022
Outstanding stock options	6,650	5,229	6,269	4,925
Warrants to purchase common stock	47	47	47	40
	6,697	5,276	6,316	4,965

Segment Information

The Company operates under one segment which develops biologic therapeutic candidates. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker in making decisions regarding resource allocation and assessing performance.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies. The Company believes that the impact of the recently issued accounting pronouncements that are not yet effective will not have a material impact on its condensed consolidated financial condition or results of operations upon adoption.

Adoption of New Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update, or ASU, 2016-13, *Financial Instruments - Credit Losses*: *Measurement of Credit Losses on Financial Instruments* (Topic 326), which intends to improve financial reporting by requiring earlier recognition of credit losses on certain financial assets, such as held-to-maturity debt securities. Subsequent to the issuance of ASU 2016-13, the FASB issued several additional ASUs to clarify implementation guidance, provide narrow-scope improvements and provide additional disclosure guidance. The Company adopted ASU 2016-13 as of January 1, 2023, which did not result in a material impact on its condensed consolidated financial statements and related disclosures.

2. OTHER FINANCIAL INFORMATION

Prepaid Expense and Other Current Assets

Prepaid expense and other current assets were comprised of the following (in thousands):

	AS OF SEPTEMBER 30, 2023	AS OF DECEMBER 31, 2022
Clinical drug substance and product manufacturing (1)	$ 18,405	1,171
Clinical trials (2)	6,015	$ 4,294
Licenses	578	493
Other outside research and development services (3)	305	232
Other	336	181
Prepaid expense and other current assets	$ 25,639	$ 6,371

(1) Relates primarily to the Company's usage of third-party CDMOs for clinical and development efforts. As of September 30, 2023, the balance includes a prepayment to one of the Company's CDMO partners for the purchase of $ 15.2 million in specialized raw materials with no alternative future use. See "Accrued Research and Development Clinical Trial Costs" in Note 1 for further discussion of the components of research and development.

(2) Relates primarily to the Company's prepayments to third-party CROs for management of clinical trials and prepayments for drug supply to be used in combination with the Company's therapeutics. See "Accrued Research and Development Clinical Trial Costs" in Note 1 for further discussion of the components of research and development.

(3) Relates to the Company's usage of third-parties for other research and development efforts. See "Accrued Research and Development Clinical Trial Costs" in Note 1 for further discussion of the components of research and development.

Property and Equipment, Net

Property and equipment, net were comprised of the following (in thousands):

	AS OF SEPTEMBER 30, 2023	AS OF DECEMBER 31, 2022
Machinery and equipment	$ 8,073	$ 7,023
Furniture, fixtures, and other	527	524
Leasehold improvements	441	441
Computer software	53	53
Construction in process	159	—
Total property and equipment	9,253	8,041
Less: accumulated depreciation and amortization	(6,389)	(5,540)
Property and equipment, net	$ 2,864	$ 2,501

Depreciation and amortization expense totaled $ 0.3 million for each of the three months ended September 30, 2023 and September 30, 2022, and $ 0.9 million for each of the nine months ended September 30, 2023 and September 30, 2022 and consisted of the following (in thousands):

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2023	2022	2023	2022
Research and development	$ 261	$ 251	$ 740	$ 757
General and administrative	43	58	153	166
Total depreciation and amortization expense	$ 304	$ 309	$ 893	$ 923

Accrued Expenses

Accrued expenses were comprised of the following (in thousands):

	AS OF SEPTEMBER 30, 2023	AS OF DECEMBER 31, 2022
Clinical trials[1]	$ 7,205	$ 4,527
Clinical drug substance and product manufacturing[2]	5,339	5,381
Compensation-related	5,032	3,374
Other outside research and development [3]	4,817	1,164
Interest expense	2,253	2,124
Professional fees	919	428
Other	337	226
Accrued expenses	$ 25,902	$ 17,224

(1) Relates primarily to the Company's usage of third-party CROs for management of clinical trials. See "Accrued Research and Development Clinical Trial Costs" in Note 1 for further discussion of the components of research and development.

(2) Relates primarily to the Company's usage of third-party CDMOs for clinical and development efforts. See "Accrued Research and Development Clinical Trial Costs" in Note 1 for further discussion of the components of research and development.

(3) Relates to the Company's usage of third-parties for other research and development efforts. See "Accrued Research and Development Clinical Trial Costs" in Note 1 for further discussion of the components of research and development.

3. DEBT

2020 Loan Agreement

In July 2020, the Company entered into a loan and security agreement, or the 2020 Loan Agreement, with Oxford Finance LLC, or Oxford, pursuant to which it received $ 10.0 million in gross proceeds, or Term A. The 2020 Loan Agreement was subsequently amended in November 2020, or the November 2020 Amendment, upon which a second tranche in an aggregate principal amount of $ 20.0 million was funded, or Term B, and in June 2021, or the June 2021 Amendment, upon which a third tranche in an aggregate principal amount of $ 40.0 million was funded, or Term C.

In February 2022, the Company entered into an additional amendment, or the February 2022 Amendment, to the 2020 Loan Agreement, collectively, the Amended 2020 Loan Agreement, upon which the Company received gross proceeds of $ 40.0 million, or Term D. The February 2022 Amendment also provided for an increase in the interest rate and for three future tranches of debt to be funded upon the achievement of certain milestones. In June 2022, the Company received additional gross proceeds of $ 30.0 million, or Term E, following the initiation of part 4 of the Phase 1/2 clinical trial of INBRX-105, as well as an additional $ 30.0 million in gross proceeds, or Term F, following the receipt of positive topline data from the Phase 1 clinical trial of INBRX-101.

In October 2022, the Company entered into an amendment to the Amended 2020 Loan Agreement, or the October 2022 Amendment. The October 2022 Amendment amended the milestone terms of the last remaining tranche, Term G, under the Amended 2020 Loan Agreement to provide for the funding of $ 30.0 million upon the announcement of the regulatory path for INBRX-101 rather than upon the initiation of a registration-enabling clinical trial of

INBRX-101. In October 2022, the Company met this milestone and drew the final tranche for additional gross proceeds of $ 30.0 million.

The Company determined the November 2020, June 2021, February 2022, and October 2022 Amendments should be treated as modifications of the original 2020 Loan Agreement since the terms and resulting cash flows were not substantially changed upon each of the amendments. The Company will continue to amortize the existing debt discounts prior to modification through the Amended Maturity Date (as defined below).

As of July 1, 2023, a LIBOR Transition Event, as defined in the Amended 2020 Loan Agreement, occurred, and pursuant to the Amended 2020 Loan Agreement, Oxford selected a LIBOR Replacement Rate, as defined in the Amended 2020 Loan Agreement, replacing the 30 day U.S. Dollar London InterBank Offered Rate with the 1-Month Chicago Mercantile Exchange term secured overnight financing rate, or 1-Month CME Term SOFR, causing an amendment to the interest rate of the Company's outstanding loans. No other terms were changed. The Company has elected the optional expedient under ASC Topic 848-20 and therefore deemed the modification to not be substantial.

As of September 30, 2023, the Company had $ 200.0 million in gross principal outstanding in term loans under the Amended 2020 Loan Agreement. The outstanding term loans will mature on January 1, 2027, or the Amended Maturity Date, and bear interest at a floating per annum rate equal to the greater of (1) 8.30 % or (2) the sum of (i) the 1-Month CME Term SOFR on the last business day of the month that immediately precedes the month in which the interest will accrue, (ii) 0.10 %, and (iii) 8.19 %. Under the Amended 2020 Loan Agreement, the repayment schedule provides for interest-only payments through February 1, 2025, followed by 23 months of principal and interest payments. In the event of a qualifying financing event in which the Company raises at least $ 100.0 million in upfront licensing or partnership proceeds by February 2025, the interest-only period may be extended an additional 12 months through February 1, 2026, which would then be followed by 11 months of equal payments of principal plus interest, beginning on March 1, 2026. Upon the Amended Maturity Date, a final payment of 9.0 % of the original principal amount will be due to Oxford. This final payment of $ 18.0 million is being accreted over the life of the Amended 2020 Loan Agreement using the effective interest method. The Company has the option to prepay the outstanding balance of the term loans in full prior to the Amended Maturity Date, subject to a prepayment fee ranging from 1.0 % to 3.0 %, depending upon the timing of the prepayment.

The Company's outstanding debt balance under the Amended 2020 Loan Agreement consisted of the following as of September 30, 2023 and December 31, 2022 (in thousands).

	AS OF SEPTEMBER 30, 2023	AS OF DECEMBER 31, 2022
Term A	$ 10,900	$ 10,900
Term B	21,800	21,800
Term C	43,600	43,600
Term D	43,600	43,600
Term E	32,700	32,700
Term F	32,700	32,700
Term G	32,700	32,700
Less: debt discount	(12,279)	(15,931)
Long-term debt, including debt discount and final payment fee	$ 205,721	$ 202,069

As of September 30, 2023, and unless extended in accordance with the terms described above, the Company's interest-only period will continue through February 2025, with principal payments beginning in March 2025. Future principal payments and final fee payments will be made as follows (in thousands):

	AS OF SEPTEMBER 30, 2023
2025	$ 86,956
2026	104,348
2027	26,696
Total future minimum payments	218,000
Less: unamortized debt discount	(12,279)
Total debt	$ 205,721

The Company's obligations under the Amended 2020 Loan Agreement are secured by a first priority security interest of substantially all of the Company's assets with a positive lien on intellectual property. The Amended 2020 Loan Agreement includes customary events of default, including instances of a material adverse change in the Company's operations, that may require prepayment of the outstanding term loans. Additionally, following the June 2021 Amendment, the Amended 2020 Loan Agreement requires the Company to maintain a minimum cash balance of $ 20.0 million. As of September 30, 2023, the Company is in compliance with all covenants under the Amended 2020 Loan Agreement and has not received any notification or indication from Oxford of an intent to declare the loan due prior to maturity.

Concurrently with the February 2022 Amendment, the Company issued 40,000 warrants to Oxford to purchase shares of the Company's common stock at an exercise price of $ 45.00 . Upon issuance, the warrants were classified as equity and recorded at their fair value of $ 0.7 million. See Note 4 for further discussion of these warrants.

Interest Expense

Interest expense is calculated using the effective interest method and is inclusive of non-cash amortization of the debt discount and accretion of the final payment. During the three months ended September 30, 2023, interest expense was $ 8.1 million, $ 1.2 million of which related to non-cash amortization of the debt discount and accretion of the final payment. During the three months ended September 30, 2022, interest expense was $ 5.5 million, $ 1.0 million of which related to non-cash amortization of the debt discount and accretion of the final payment. During the nine months ended September 30, 2023, interest expense was $ 23.6 million, $ 3.7 million of which related to non-cash amortization of the debt discount and accretion of the final payment. During the nine months ended September

30, 2022, interest expense was $ 11.1 million, $ 2.2 million of which related to non-cash amortization of the debt discount and accretion of the final payment.

4. STOCKHOLDERS' EQUITY

Open Market Sale Agreement

In September 2021, the Company entered into the Open Market Sale Agreement, or the Sales Agreement, with Jefferies LLC, or the Sales Agent, under which it may, from time to time, sell shares of its common stock having an aggregate offering price of up to $ 200.0 million through the Sales Agent. Pursuant to the Sales Agreement, the Company will pay the Sales Agent a commission for its services in acting as an agent in the sale of common stock in an amount equal to 3 % of the gross sales price per share sold. During each of the nine months ended September 30, 2023 and September 30, 2022, the Company did no t issue any shares under the Sales Agreement.

Securities Purchase Agreement

In August 2023, the Company entered into a Securities Purchase Agreement, or the Purchase Agreement, with the Purchasers, pursuant to which the Company sold and issued 3,621,314 shares of the Company's common stock for $ 19.35 per share and, with respect to certain Purchasers, pre-funded warrants to purchase 6,714,636 shares of the Company's common stock in the Private Placement. The purchase price of the pre-funded warrants was $ 19.3499 per pre-funded warrant, with an exercise price of $ 0.0001 per share. The Company received gross proceeds of $ 200.0 million from the Private Placement, before deducting $ 0.4 million of offering expenses payable by the Company. The pre-funded warrants are equity-classified and carried at the instruments' fair value upon issuance. The pre-funded warrants are exercisable upon issuance pursuant to certain beneficial ownership limitations as defined in the Purchase Agreement and will expire when exercised in full. As of September 30, 2023, all pre-funded warrants are still outstanding.

Warrants Issued in Connection with Amended 2020 Loan Agreement

As of September 30, 2023, the following equity-classified warrants were outstanding, in addition to the pre-funded warrants discussed above:

Expiration Date	Shares of Common Stock Issuable Upon Exercise of Warrants	Exercise Price per Share
July 15, 2030	7,354	$ 17.00
February 18, 2032	40,000	$ 45.00

The Company's warrants are equity-classified and carried at the instruments' fair value upon classification into equity, with no subsequent remeasurements.

Common Stock Reserved for Future Issuance

Common stock reserved for future issuance as of September 30, 2023 and December 31, 2022 consist of the following (in thousands):

	AS OF SEPTEMBER 30, 2023	AS OF DECEMBER 31, 2022
Options to purchase common stock issued and outstanding	6,668	5,305
Shares available for future equity grants	437	162
Pre-funded warrants issued and outstanding	6,715	—
Warrants issued and outstanding	47	47
Total common stock reserved for future issuance	13,867	5,514

5. EQUITY COMPENSATION PLAN

Stock Incentive Plan

The Company's share-based compensation plan, the Amended and Restated 2017 Employee, Director and Consultant Equity Incentive Plan, or the 2017 Plan, provides for the issuance of incentive stock options, restricted and unrestricted stock awards, and other stock-based awards. As of September 30, 2023, an aggregate of 7.8 million shares of common stock were authorized for issuance under the 2017 Plan, of which 0.4 million remain available for issuance.

Stock Option Activity

The Company recognizes compensation costs related to stock-based awards, including stock options, based on the estimated fair value of the awards on the date of grant. The Company grants options with an exercise price equal to the fair market value of the Company's stock on the date of the option grant. The options are subject to four-year vesting with a one-year cliff and have a contractual term of 10 years.

A summary of the Company's stock option activity under its 2017 Plan for the nine months ended September 30, 2023 is as follows (in thousands, except for per share data and years):

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2022	5,305	$ 22.95		
Granted	1,575	$ 23.00		
Exercised	(105)	$ 11.72		
Forfeited	(107)	$ 29.04		
Outstanding as of September 30, 2023	6,668	$ 23.04	7.8	$ 12,290
Vested and exercisable as of September 30, 2023	3,134	$ 21.19	6.8	$ 10,480

The aggregate intrinsic value of stock options exercised during the nine months ended September 30, 2023 and September 30, 2022 was $ 1.3 million and $ 1.4 million, respectively. Aggregate intrinsic value of stock options exercised and outstanding is calculated using the fair value of common stock on the date of exercise and the fair value of common stock as of September 30, 2023, respectively. The total fair value of stock options vested during the nine months ended September 30, 2023 and September 30, 2022 was $ 19.0 million and $ 20.7 million, respectively. The Company expects all outstanding stock options to vest.

Stock-Based Compensation Expense

The weighted-average assumptions used by the Company to estimate the fair value of stock option grants using the Black-Scholes option pricing model, as well as the resulting weighted-average fair value, for the nine months ended September 30, 2023 and September 30, 2022 were as follows:

	NINE MONTHS ENDED SEPTEMBER 30,	
	2023	2022
Risk-free interest rate	3.76 %	2.45 %
Expected volatility	84.33 %	85.23 %
Expected dividend yield	— %	— %
Expected term (in years)	6.08	6.08
Weighted average fair value	$ 16.89	$ 17.15

Stock-based compensation expense for stock options consisted of the following (in thousands):

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2023	2022	2023	2022
Research and development	$ 4,326	$ 3,545	$ 12,420	$ 10,764
General and administrative	2,204	1,146	5,999	4,331
Total stock-based compensation expense	$ 6,530	$ 4,691	$ 18,419	$ 15,095

As of September 30, 2023, the Company had $ 58.9 million of total unrecognized stock-based compensation expense related to its stock options, which is expected to be recognized over a weighted-average period of 2.6 years.

6. LICENSE AND GRANT REVENUES

The following table summarizes the total revenue recorded in the Company's condensed consolidated statements of operations (in thousands):

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2023	2022	2023	2022
License fee revenue				
Chiesi Farmaceutici S.p.A.	$ 119	$ 264	$ 166	$ 603
Phylaxis BioScience, LLC	—	14	—	1,101
2seventy bio, Inc.	—	—	—	200
Total license fee revenue	119	278	166	1,904
Grant revenue	—	—	—	14
Total revenue	$ 119	$ 278	$ 166	$ 1,918

License and Collaboration Agreements

Chiesi

In May 2019, the Company entered into an Option Agreement, as amended by the First Amendment to Option Agreement, dated August 19, 2019, or the Chiesi Option Agreement, with Chiesi Farmaceutici S.p.A., or Chiesi, pursuant to which the Company granted to Chiesi an exclusive option to obtain an exclusive license to develop and commercialize INBRX-101 outside of the United States and Canada. Additionally, the Chiesi Option Agreement provided Chiesi with a right of negotiation for INBRX-101 development and commercialization rights in the United States and Canada in the event that the Company engages in discussions with any third parties for such rights during the term of the Chiesi Option Agreement. Under the terms of the Chiesi Option Agreement, the Company received a one-time, non-refundable option initiation payment of $ 10.0 million in August 2019.

The Company identified one performance obligation as of the effective date of the Chiesi Option Agreement, which was to perform research and development services for Chiesi during the option period. The Company determined that the option to grant a license in the future was not a material right. The $ 10.0 million upfront payment was allocated to the single performance obligation. Revenue was recognized over time as services were performed during the option period, based on the Company's effort to satisfy the performance obligation relative to the total expense estimated to be incurred during the option period.

On July 24, 2023, the Company provided a copy of the European Medicines Agency, or EMA, scientific advice to Chiesi upon receipt, which fulfilled the necessary deliverables to Chiesi and triggered the start of its 60 -day option period window. On September 18, 2023, the Company was notified that Chiesi declined to exercise its option.

During the three months ended September 30, 2023 and September 30, 2022, the Company recognized approximately $ 0.1 million and $ 0.3 million in revenue related to this agreement, respectively. During the nine months ended September 30, 2023 and September 30, 2022, the Company recognized approximately $ 0.1 million

and $ 0.6 million in revenue related to this agreement, respectively. As of September 30, 2023, the Company had no deferred revenue remaining related to this agreement. As of December 31, 2022, the Company had $ 0.1 million of deferred revenue related to this agreement, all of which was classified as current deferred revenue.

Phylaxis

In July 2020, the Company entered into a joint venture with Phylaxis BioScience, LLC, or Phylaxis. In connection with the joint venture, the Company entered into the following agreements: Contribution Agreement, License Agreement, Limited Liability Company Agreement and Master Services Agreement, or collectively, the Phylaxis Agreements, pursuant to which the Company licensed certain intellectual property and know-how to Phylaxis and agreed to provide services to develop certain compounds. To date, the Company has received $ 5.0 million in connection with the Phylaxis Agreements. The Company also received a 10 % equity interest in Phylaxis as consideration for the contribution of the license of the Company's intellectual property and know-how and is entitled to receive an additional 5 % based on the achievement of certain milestones, in addition to a share in a percentage of the profits of Phylaxis under the Phylaxis Agreements. Under the License Agreement, the Company is also entitled to specified development and commercialization milestone payments of up to an aggregate of $ 225.0 million and $ 175.0 million, respectively.

During the three and nine months ended September 30, 2023, the Company recognized no revenue related to this performance obligation following its completion in 2022. During the three months ended September 30, 2022, the Company recognized $ 14,000 of revenue related to this performance obligation. During the nine months ended September 30, 2022, the Company recognized $ 1.1 million of revenue related to this performance obligation. As of September 30, 2023 and December 31, 2022, there was no deferred revenue remaining related to the Phylaxis Agreements.

2seventy

In June 2020, the Company entered into an Option and License Agreement with bluebird bio, Inc., or bluebird, pursuant to which the Company granted to bluebird exclusive worldwide rights to develop binders and cell therapy products containing single domain antibodies, or sdAbs, directed to specified targets, consisting of two initial programs and up to an additional 8 programs. The Company retains all rights to the specific sdAbs outside of the cell therapy field. In November 2021, bluebird assigned this agreement, or the 2020 2seventy Agreement, to 2seventy bio, Inc., or 2seventy, in connection with bluebird's internal restructuring and subsequent spin-out of 2seventy.

In June 2020, the Company received a non-refundable upfront option fee of $ 0.2 million in connection with each of the two initial programs, or $ 0.4 million in aggregate, and is entitled to an upfront option fee for each additional program, on a program-by-program basis. For each program selected by 2seventy, the Company granted an option in which 2seventy may acquire an exclusive license with respect to all binders and cell therapy products developed under this agreement, which entitles the Company to additional fees upon exercise of the option.

In June 2022, pursuant to the terms regarding the addition of new programs in the 2020 2seventy Agreement, the Company received a $ 0.2 million upfront option fee related to the selection of a third program and transferred the related know-how and development license. The Company recognized the $ 0.2 million of revenue at the point in time in which the program was added and the program term began.

During the nine months ended September 30, 2022, the Company recognized $ 0.2 million of revenue related to this agreement. During the three months ended September 30, 2022, the Company did not recognize any revenue related to this agreement. During the three and nine months ended September 30, 2023, the Company did not recognize any revenue related to this agreement.

7. LEASES

Operating Leases

In September 2017, the Company entered into a seven-year lease agreement as its sole location in La Jolla, California. The lease expires in June 2025 with an option to extend the lease an additional five years . The lease contained an initial base rent of approximately $ 0.1 million per month with 2 % annual escalations, plus a percentage

of taxes and operating expenses incurred by the lessor in connection with the ownership and management of the property, the latter of which to be determined annually.

In May 2019, the Company executed an amendment to its lease agreement to expand its facilities and began occupying this space in January 2020. The amended lease terminates coterminously with the initial lease agreement and contains an initial base rent of approximately $ 30,000 per month with 2 % annual escalations, plus a percentage of taxes and operating expenses incurred by the lessor in connection with the ownership and management of the property, the latter of which is to be determined annually.

The operating right-of-use asset and lease liability as of September 30, 2023 and December 31, 2022 are as follows (in thousands):

	AS OF SEPTEMBER 30, 2023	AS OF DECEMBER 31, 2022
Operating right-of-use asset	$ 3,408	$ 4,717
Operating lease liability		
Current	$ 2,011	$ 1,860
Non-current	1,646	$ 3,173
Total operating lease liability	$ 3,657	$ 5,033

During each of the three months ended September 30, 2023 and September 30, 2022, the Company recognized operating lease expense of $ 0.9 million. During the nine months ended September 30, 2023 and September 30, 2022, the Company recognized operating lease expense of $ 2.6 million and $ 2.5 million, respectively. During each of the three months ended September 30, 2023 and September 30, 2022, the Company paid $ 0.5 million in cash for amounts included in the measurement of the operating lease liability. During each of the nine months ended September 30, 2023 and September 30, 2022, the Company paid $ 1.6 million in cash for amounts included in the measurement of the operating lease liability.

As of September 30, 2023 and December 31, 2022, the Company's operating lease had a remaining term of 1.8 and 2.5 years, respectively. The Company discounts its lease payments using its incremental borrowing rate as of the commencement of the lease. The Company has determined a weighted-average discount rate of 8.2 % as of September 30, 2023 and December 31, 2022.

Future minimum rental commitments for the Company's operating leases reconciled to the operating lease liability are as follows (in thousands):

	AS OF SEPTEMBER 30, 2023
2023	$ 555
2024	2,247
2025	1,137
Thereafter	—
Total future minimum lease payments	$ 3,939
Less: imputed interest	(282)
Present value of operating lease liability	3,657
Less: current portion of operating lease liability	(2,011)
Non-current portion of operating lease liability	$ 1,646

8. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

The Company has several ongoing contracts with CROs for preclinical studies and clinical trials and with CDMOs for clinical supplies and manufacturing scale-up activities. While these contracts are generally cancellable, some may contain specific activities that involve one or more noncancellable commitments, including minimum purchase commitments, binding annual forecasts and capital equipment investments. Additionally, depending on the timing and reasoning of the exit, certain termination penalties may apply and can range from cost of work performed to date and up to twelve months of future committed manufacturing costs. As of September 30, 2023 and December 31, 2022, the noncancellable portion of these contracts total in aggregate, excluding amounts paid or incurred at each respective date, approximately $ 52.5 million and $ 74.8 million, respectively. The noncancellable purchase commitments relate to the purchase of raw materials and future contract manufacturing of drug supply for INBRX-101. During the nine months ended September 30, 2023 and September 30, 2022, the Company incurred $ 4.3 million and $ 0.8 million, respectively, of expenses related to its noncancellable purchase agreements.

Litigation

The Company is not party to any material legal proceedings. From time to time, it may be involved in legal proceedings or subject to claims incident to the ordinary course of business. Regardless of the outcome, such proceedings or claims can have an adverse impact on the Company because of defense and settlement costs, diversion of resources and other factors, and there can be no assurances that favorable outcomes will be obtained.

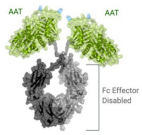
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together in conjunction with our condensed consolidated financial statements and related notes included in Part I, Item 1 of this Quarterly Report, and our audited consolidated financial statements and notes thereto as of and for the fiscal year ended December 31, 2022 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on March 6, 2023. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report contain forward-looking statements that involve risk and uncertainties, including those described in the section titled "Special Note Regarding Forward-Looking Statements." As a result of many factors, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

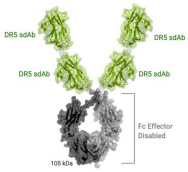
We are a clinical-stage biopharmaceutical company with a pipeline of novel biologic therapeutic candidates developed using our proprietary modular protein engineering platforms. In particular, our proprietary single domain antibody, or sdAb, platform allows us to pursue validated targets with clinical promise where other antibody and biologic based approaches have failed. Highly modular, our platform technologies can be combined with precise valencies and multiple specificities, creating therapeutic candidates designed to be capable of enhanced cell signaling, conditional activation or combined synergistic functions.

We have multiple programs in various stages of development from discovery to preclinical to clinical. We currently have four programs in ongoing clinical trials. Three of these programs are for the treatment of various cancers, and one for the treatment of Alpha-1 Antitrypsin Deficiency, or AATD, as shown below:



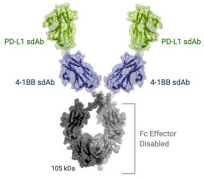
INBRX-101

AAT-Fc fusion protein



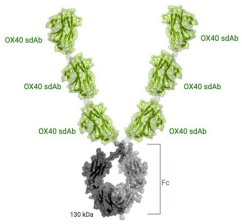
INBRX-109

Tetravalent DR5 agonist



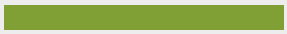
INBRX-105

PD-L1x4-1BB tetravalent conditional agonist



INBRX-106

Hexavalent OX40 agonist

Program	Therapeutic Area	Target(s)/Format	STAGE OF DEVELOPMENT
			Preclinical / Phase 1 / Phase 2 / Phase 3
INBRX-101	Orphan/Respiratory	Neutrophil Elastase AAT-Fusion Protein	
INBRX-109*	Oncology	DR5 Tetravalent Agonist	
INBRX-105**	Oncology	PD-L1 x 4-1BB Tetravalent Conditional Agonist	
INBRX-106**	Oncology	OX40 Hexavalent Agonist	

* Third party partnership with Chinese biotechnology company, Transcenta Holding, Ltd., or Transcenta, currently in place for development and commercialization in China, Hong Kong, Macau and/or Taiwan.

** Third party partnership with Chinese biotechnology company, Elpiscience Biopharmaceuticals, Inc., or Elpiscience, currently in place for development and commercialization in China, Hong Kong, Macau and/or Taiwan.

INBRX-101 is an optimized, recombinant alpha-1 antitrypsin, or AAT, augmentation therapy candidate for AATD. In March 2022, the United States Food and Drug Administration, or FDA, granted orphan drug designation for INBRX-101 for the treatment of AATD. In May 2022, we announced topline results from the INBRX-101 Phase 1 clinical trial. We believe the data revealed the potential to achieve normal AAT levels with less frequent dosing than the current standard of care and showed the treatment was well tolerated with no drug-related severe or serious adverse events at doses up to and including 120 mg/kg in single and multi-dose administered intravenously. In April 2023, we initiated ElevAATe, a registration-enabling trial for INBRX-101 for the treatment of patients with emphysema due to AATD. The primary endpoint of the trial is the mean change in the average functional AAT, or fAAT, concentration as measured by anti-neutrophil elastase capacity from baseline to average serum trough fAAT concentration at steady state (Ctrough,ss). The initial read-out from the ElevAATe trial is expected to occur in late 2024 and we intend to submit for regulatory approval once completed. In our end of Phase 1 meeting, the FDA requested additional information to support the correlation between serum AAT levels and the clinical benefit in AATD to further support serum AAT levels as a surrogate endpoint reasonably likely to predict clinical benefit. We are in the process of compiling this data through existing registry, health records and published data and plan to submit those analyses to the FDA as part of the BLA submission. In May 2023, the FDA granted Fast Track designation to INBRX-101 for the treatment of patients with emphysema due to AATD.

Our most advanced therapeutic candidate, INBRX-109, is a tetravalent death receptor 5, or DR5, agonist currently being evaluated in patients diagnosed with difficult-to-treat cancers, such as chondrosarcoma, mesothelioma, colorectal cancer, Ewing sarcoma and pancreatic adenocarcinoma. In June 2021, based on the initial Phase 1 data results, we initiated a registration-enabling Phase 2 trial for the treatment of unresectable or metastatic conventional chondrosarcoma for which the FDA and the European Medicine Agency, or EMA, granted orphan drug designation in November 2021 and August 2022, respectively. In November 2022, we announced updated efficacy and safety data from the ongoing Phase 1 INBRX-109 expansion cohorts for the treatment of chondrosarcoma, which showed disease control was observed in patients with and without isocitrate dehydrogenase, or IDH, mutations. Data from the registration-enabling trial in unresectable or metastatic conventional chondrosarcoma is expected during the second half of 2024.

On November 2, 2023, we announced preliminary efficacy and safety data from the Phase 1 trial of INBRX-109 in combination with Irinotecan, or IRI, and Temozolomide, or TMZ, for the treatment of advanced or metastatic, unresectable Ewing sarcoma. Among the 13 patients evaluable as of the data cut of September 8, 2023, the observed disease control rate was 76.9%, or 10 out of 13 patients as measured by RECISTv1.1, with 7 patients achieving partial responses (53.8%) and 3 patients achieving stable disease (23.1%). Overall, INBRX-109 in combination with IRI/TMZ was well tolerated from a safety perspective.

INBRX-105 is a precisely engineered multi-specific sdAb-based therapeutic candidate that is designed to agonize 4-1BB selectively in the presence of PD-L1, which is typically found in the tumor microenvironment and associated lymphoid tissues. It is currently being investigated as a single agent and in combination with Keytruda, a PD-1 blocking checkpoint inhibitor, in patients with locally advanced or metastatic solid tumors. Parts 1 and 3, dose escalation as a single agent and in combination with Keytruda, have been completed. We continue to enroll and/or have active patients in Part 2, single agent dose expansion, and Part 4, combination expansion cohorts. We expect to announce initial data from these cohorts mid-year of 2024.

INBRX-106 is a precisely engineered hexavalent sdAb-based therapeutic candidate targeting OX40, designed to be an optimized agonist of this co-stimulatory receptor. It is currently being investigated as a single agent and in combination with Keytruda in patients with locally advanced or metastatic solid tumors. Parts 1 and 3, dose escalation as a single agent and in combination with Keytruda, have been completed. It was observed to be well tolerated, with predominantly mild or moderate immune-related toxicities notes. We observed durable responses across multiple tumor types. We continue to enroll and/or have active patients in Part 2, single agent dose expansion, and Part 4, combination expansion cohorts. We expect to announce initial data from these cohorts during the second half of 2024.

Components of Results of Operations

Revenue

To date, all of our revenue has been derived from licenses with collaboration partners and grant awards. We have not generated any revenue from the commercial sale of approved therapeutic products, and until, if ever, they are approved for commercial sale, we expect our revenue will be derived primarily from payments under our current license agreements and any potential future collaborations or strategic transactions.

Operating Expenses

Research and Development

To date, our research and development expenses have related primarily to research activities, including our discovery efforts, and preclinical and clinical development and the manufacturing of our therapeutic candidates. Research and development expenses are recognized as incurred and payments made prior to the receipt of goods or services to be used in research and development are capitalized until the goods or services are received. We do not track our internal research and development expenses on a program-by-program basis as they primarily relate to personnel, early research and consumable costs, which are deployed across multiple projects under development.

Research and development expenses consist primarily of:

- External expenses, consisting of:
    - expenses incurred in connection with the preclinical development of our programs;
    - clinical trials of our therapeutic candidates, including under agreements with third parties, such as consultants and contract research organizations, or CROs;
    - expenses associated with the manufacturing of our therapeutic candidates under agreements with contract development and manufacturing organizations, or CDMOs;
    - expenses associated with regulatory requirements, including fees and other expenses related to our Scientific Advisory Board; and
    - other external expenses, such as laboratory services related to our discovery and development programs and other shared services, and
- Internal expenses, consisting of:
    - salaries, benefits and other related costs, including non-cash stock-based compensation, for personnel engaged in research and development functions;
    - facilities, depreciation and other expenses, which include direct and allocated expenses for depreciation and amortization, rent and maintenance of facilities; and
    - other internal expenses, such as laboratory supplies and other shared research and development costs.

We expect that research and development expense will continue to increase over the next several years as we continue development of our therapeutic candidates currently in clinical stage development, support our preclinical programs, and continue to discover new therapeutic candidates, as well as increase our headcount. In particular, clinical development of our therapeutic candidates, as opposed to preclinical development, generally has higher development costs, primarily due to the increased size and duration of later-stage clinical trials. Moreover, the costs associated with our CDMOs to manufacture our therapeutic candidates and future commercial products is also much more costly as compared to early stage preclinical development. We cannot determine with certainty the timing of initiation, the duration or the completion costs of current or future preclinical studies and clinical trials of our therapeutic candidates due to the inherently unpredictable nature of preclinical and clinical development. Preclinical and clinical development timelines, the probability of success and development costs can differ materially from expectations. We anticipate that we will make determinations as to which therapeutic candidates to pursue and how much funding to direct to each therapeutic candidate on an ongoing basis in response to the results of ongoing and future preclinical studies and clinical trials, regulatory developments and our ongoing assessments as to each therapeutic candidate's commercial potential. We will need substantial additional capital in the future to support these efforts. In addition, we cannot forecast which therapeutic candidates may be subject to future collaborations, when such arrangements will be secured, if at all, and to what degree such arrangements would affect our development plans and capital requirements.

Our clinical development costs may vary significantly based on factors such as:

- the per patient trial costs;
- the number of trials required for approval;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the number of patients that participate in the trials;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients;
- the potential additional safety monitoring requested by regulatory agencies;
- the duration of patient participation in the trials and follow-up;
- the cost, timing, and successful manufacturing of our therapeutic candidates;
- the phase and development of our therapeutic candidates;
- the efficacy and safety profile of our therapeutic candidates; and
- the uncertainties related to potential economic downturn, geopolitical events and widespread health events on capital and financial markets.

General and Administrative

General and administrative, or G&A, expenses consist primarily of:

- salaries, benefits and other related costs, including non-cash stock-based compensation, for personnel engaged in G&A functions;
- expenses incurred in connection with accounting and audit services, legal services, including costs associated with obtaining and maintaining our patent portfolio, investor relations and consulting expenses under agreements with third parties, such as consultants and contractors;
- expenses incurred in connection with commercialization and business development activity; and
- facilities, depreciation and other expenses, which include direct and allocated expenses for depreciation and amortization, rent and maintenance of facilities, insurance and supplies.

We expect our G&A expenses will continue to increase in the future to support our continued research and development activities. We expect increased costs related to pre-commercialization and business development activities, including the hiring of additional personnel as we continue to build our commercial team in preparation for our future product launches. Additionally, we expect other professional service fees to increase, including but not limited to, patent-related costs for filing, prosecution and maintenance of our product candidates, and compliance costs, accounting, legal, investor and public relations and additional personnel.

Other Income (Expense)

Interest expense. Interest expense consists of interest on our loans with Oxford Finance LLC, or Oxford.

Interest income. Interest income consists of interest earned on cash and cash equivalents, which include investments held during the period in highly liquid debt securities with original maturities of less than three months from our date of acquisition.

Results of Operations

Comparison of the Three Months Ended September 30, 2023 and September 30, 2022

The following table summarizes our condensed consolidated results of operations for each of the periods indicated (in thousands, except percentages):

	THREE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	($)	(%)
Revenue:				
License fee revenue	$ 119	$ 278	$ (159)	(57)%
Total revenue	119	278	(159)	(57)%
Operating expense:				
Research and development	38,057	24,934	13,123	53 %
General and administrative	7,889	5,347	2,542	48 %
Total operating expense	45,946	30,281	15,665	52 %
Loss from operations	(45,827)	(30,003)	(15,824)	53 %
Other income (expense)				
Interest expense	(8,149)	(5,547)	(2,602)	47 %
Interest income	2,324	207	2,117	1,023 %
Other income (expense), net	(135)	18	(153)	(850)%
Total other expense	(5,960)	(5,322)	(638)	12 %
Provision for income taxes	2	—	2	100 %
Net loss	$ (51,789)	$ (35,325)	$ (16,464)	47 %

License Fee Revenue

License fee revenue decreased by $0.2 million from $0.3 million during the three months ended September 30, 2022 to $0.1 million during the three months ended September 30, 2023. During the three months ended September 30, 2023 and September 30, 2022, we recognized $0.1 million and $0.3 million, respectively, of license fee revenue related to our option agreement, or the Chiesi Option Agreement, with Chiesi Farmaceutici S.p.A., or Chiesi. Upon Chiesi's declination of its option, all remaining deferred revenue under this agreement was recognized during the period. Additionally, during the three months ended September 30, 2022, we recognized all remaining deferred revenue related to our agreements with Phylaxis BioScience, LLC, or Phylaxis, for total license fee revenue of approximately $14,000 during the period.

Research and Development Expense

The following table sets forth the primary external and internal research and development expenses (in thousands, except percentages):

	THREE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	($)	(%)
External expenses:				
Contract manufacturing	$ 10,475	$ 5,064	$ 5,411	107 %
Clinical trials	8,906	6,870	2,036	30 %
Other external research and development	2,695	1,034	1,661	161 %
Internal expenses:				
Personnel	12,498	9,052	3,446	38 %
Equipment, depreciation, and facility	1,760	1,552	208	13 %
Other internal research and development	1,723	1,362	361	27 %
Total research and development expenses	$ 38,057	$ 24,934	$ 13,123	53 %

Research and development expenses increased by $13.2 million from $24.9 million during the three months ended September 30, 2022 to $38.1 million during the three months ended September 30, 2023. The overall increase was primarily due to the following factors:

- contract manufacturing expense increased by $5.4 million, due to the nature of the development and manufacturing activities performed during the current period at our CDMO and CRO partners supporting our clinical and preclinical therapeutic candidates, which reflect the stage-specific needs of our programs and include early and late stage drug substance clinical manufacturing, analytical development, quality control, or QC, testing and stability studies, as well as drug product development, scale-up, robustness studies and selected biologics license applications, or BLA,-enabling activities;
- clinical trial expense increased by $2.0 million due to costs incurred in the registration-enabling Phase 2 trial for INBRX-101 for the treatment of emphysema due to AATD which we initiated during the current year, as well as the progression of our INBRX-109 registration-enabling Phase 2 trial for the treatment of unresectable or metastatic conventional chondrosarcoma. Costs associated with our Phase 1/2 clinical trials for INBRX-105 and INBRX-106 remained consistent in each period;
- personnel-related expense increased by $3.4 million, which was primarily related to an increase in headcount as a result of a significant expansion of our clinical team, as well as the issuance of additional stock options and the expansion of the bonus eligibility pool during the current year;
- facility and equipment-related expense increased by $0.2 million, which was primarily attributable to an increase in software subscriptions to support research and development activities; and
- other research and development expense increased by $2.0 million, which was primarily attributable to an increase in clinical-related consulting expenses, the purchase of lab supplies, and preclinical studies.

G&A Expense

G&A expenses increased by $2.6 million from $5.3 million during the three months ended September 30, 2022 to $7.9 million during the three months ended September 30, 2023. The overall increase during the three months ended September 30, 2023 was primarily due to the following factors:

- personnel-related expenses increased by $1.8 million, primarily attributable to an increase in headcount as we continue to build out our commercial strategy and medical affairs team, as well as increased expense related to additional stock option grants to employees and the expansion of the bonus eligibility pool in the current year;

- pre-commercialization expenses increased by $0.3 million, primarily related to increases in consulting services to support our commercial operations business intelligence strategies and our market research expenses related to INBRX-101 and INBRX-109; and
- professional services-related expense increased by $0.4 million, which was primarily attributable to increases in legal expenses, including those related to intellectual property and other general corporate matters, in addition to increases in accounting services performed during the period as a result of our filing status in the current year.

Other income (expense)

Interest expense. Interest expense increased by $2.6 million from $5.5 million during the three months ended September 30, 2022 to $8.1 million during the three months ended September 30, 2023, all of which relates to interest incurred and the amortization of debt discounts related to the Amended 2020 Loan Agreement. The increase in interest expense is the result of an increase in the outstanding principal balance from $170.0 million as of September 30, 2022 to $200.0 million as of September 30, 2023, as well as an increase in our variable interest rate driven by overall market conditions during the three months ended September 30, 2023. For more information regarding the Amended 2020 Loan Agreement, refer to Note 3 to the condensed consolidated financial statements.

Interest income. During the three months ended September 30, 2023, we earned $2.3 million of interest income, of which $1.7 million related to interest earned on our sweep and money market account balances and $0.6 million related to the accretion of discounts on investments in debt securities during the period. During the three months ended September 30, 2022, we earned $0.2 million of interest income. The increase in interest income during the three months ended September 30, 2023 is the result of higher cash and cash equivalent balances, coupled with rising interest rates, generating higher returns.

Comparison of the Nine Months Ended September 30, 2023 and September 30, 2022

The following table summarizes our condensed consolidated results of operations for each of the periods indicated (in thousands, except percentages):

	NINE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	($)	(%)
Revenue:				
License fee revenue	$ 166	$ 1,904	$ (1,738)	(91)%
Grant revenue	—	14	(14)	(100)%
Total revenue	166	1,918	(1,752)	(91)%
Operating expense:				
Research and development	109,549	79,735	29,814	37 %
General and administrative	21,549	15,800	5,749	36 %
Total operating expense	131,098	95,535	35,563	37 %
Loss from operations	(130,932)	(93,617)	(37,315)	40 %
Other income (expense)				
Interest expense	(23,617)	(11,067)	(12,550)	113 %
Interest income	7,221	305	6,916	2268 %
Other income, net	(422)	72	(494)	(686)%
Total other expense	(16,818)	(10,690)	(6,128)	57 %
Provision for income taxes	7	4	3	75 %
Net loss	$ (147,757)	$ (104,311)	$ (43,446)	42 %

License Fee Revenue

License fee revenue decreased by $1.7 million from $1.9 million during the nine months ended September 30, 2022 to $0.2 million during the nine months ended September 30, 2023. During the nine months ended September 30, 2023 and September 30, 2022, we recognized $0.2 million and $0.6 million, respectively, of license fee revenue related to the Chiesi Option Agreement. Upon Chiesi's declination of its option, all remaining deferred revenue under this agreement was recognized during the period. Additionally, during the nine months ended September 30, 2022 we recognized license fee revenue of approximately $1.1 million related to our agreements with Phylaxis. Work on the first phase of these agreements was completed and all deferred revenue was recognized during 2022. Accordingly, no revenue was recognized under our agreements with Phylaxis during the nine months ended September 30, 2023. We also recognized $0.2 million of revenue under the 2020 2seventy Agreement following the grant of an exclusive option and development license upon initiation of a third program during the nine months ended September 30, 2022. No revenue was recognized under this agreement with 2seventy during the nine months ended September 30, 2023.

Research and Development Expense

The following table sets forth the primary external and internal research and development expenses (in thousands, except percentages):

	NINE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	($)	(%)
External expenses:				
Clinical trials	$ 30,473	$ 21,380	$ 9,093	43 %
Contract manufacturing	25,821	19,016	6,805	36 %
Other external research and development	6,996	4,855	2,141	44 %
Internal expenses:				
Personnel	35,895	26,302	9,593	36 %
Equipment, depreciation, and facility	5,294	4,455	839	19 %
Other internal research and development	5,070	3,727	1,343	36 %
Total research and development expenses	$ 109,549	$ 79,735	$ 29,814	37 %

Research and development expenses increased by $29.8 million from $79.7 million during the nine months ended September 30, 2022 to $109.5 million during the nine months ended September 30, 2023. The overall increase was primarily due to the following factors:

- clinical trial expense increased by $9.1 million due to costs incurred upon the initiation of the registration-enabling Phase 2 trial for INBRX-101 for the treatment of emphysema due to AATD, which we initiated during the current year, as well as the progression of our INBRX-109 registration-enabling Phase 2 trial for the treatment of unresectable or metastatic conventional chondrosarcoma. Costs associated with our Phase 1/2 clinical trials for INBRX-105 and INBRX-106 remained consistent in each period;
- contract manufacturing expense increased by $6.8 million due to the nature of the development and manufacturing activities performed during the current period at our CDMO and CRO partners supporting our clinical and preclinical therapeutic candidates, which reflect the stage-specific needs of our programs, including early and late stage drug substance clinical manufacturing, analytical development, QC testing, and stability studies, as well as drug product development, scale-up, robustness studies, and selected BLA-enabling activities;
- personnel-related expense increased by $9.6 million, primarily related to an increase in headcount as a result of a significant expansion of our clinical team, as well as the issuance of additional stock options and the expansion of the bonus eligibility pool during the current year;
- facility and equipment-related expense increased by $0.8 million, which was attributable to an increase in software subscriptions to support research and development activities, in addition to increased repairs and maintenance services; and
- other research and development expense increased by $3.5 million, which was primarily attributable to an increase in travel expenses to clinical and vendor sites, clinical-related consulting expenses, the purchase of lab supplies, and preclinical studies.

G&A Expense

G&A expenses increased by $5.7 million from $15.8 million during the nine months ended September 30, 2022 to $21.5 million during the nine months ended September 30, 2023. The overall increase during the nine months ended September 30, 2023, was primarily due to the following factors:

- personnel-related expenses increased by $4.1 million, related to an increase in headcount primarily due to building out our commercial strategy and medical affairs team, additional stock option grants to employees, and the expansion of the bonus eligibility pool in the current year;
- pre-commercialization expenses increased by $0.8 million, primarily related to increases in consulting services to support our commercial operations business intelligence strategies and our market research expenses related to INBRX-101 and INBRX-109; and
- facility and equipment-related expense increased by $0.5 million, which was primarily attributable to an increase in software subscriptions and IT services related to software implementations.

Other Expense

Interest expense. Interest expense increased by $12.5 million from $11.1 million during the nine months ended September 30, 2022 to $23.6 million during the nine months ended September 30, 2023, all of which relates to interest incurred and the amortization of debt discounts related to the Amended 2020 Loan Agreement. The increase in interest expense is the result of an increase in outstanding principal balance from $170.0 million as of September 30, 2022 to $200.0 million as of September 30, 2023 as well as an increase in our variable interest rate driven by overall market conditions during the nine months ended September 30, 2023. For more information regarding the Amended 2020 Loan Agreement, refer to Note 3 to the condensed consolidated financial statements.

Interest income. During the nine months ended September 30, 2023, we earned $7.2 million of interest income, of which $2.8 million related to interest earned on our sweep and money market account balances and $4.4 million related to the accretion of discounts on investments in debt securities during the period. During the nine months ended September 30, 2022, we earned $0.3 million of interest income. The increase in interest income during the nine months ended September 30, 2023 is the result of higher cash and cash equivalent balances, coupled with rising interest rates, generating higher returns.

Liquidity, Capital Resources and Financial Condition

Sources of Liquidity

To date, sources of capital raised to fund our operations have been comprised of the sale of equity securities, borrowings under the loan and security agreements for gross proceeds of $200.0 million, payments received from commercial partners for licensing rights to our therapeutic candidates under development, grants, and proceeds from the sale and issuance of convertible promissory notes.

Through September 30, 2023, proceeds from the sale of equity securities as a public company consisted of (i) $136.9 million in gross proceeds from our initial public offering, (ii) $171.4 million in gross proceeds under our Open Market Sale Agreement, or the Sales Agreement, with Jefferies LLC, or the Sales Agent, and (iii) $200.0 million in gross proceeds from the private placement transaction with certain institutional and other accredited investors, or Purchasers, in which we sold and issued shares of our common stock and, with respect to certain Purchasers, pre-funded warrants to purchase our common stock pursuant to a Securities Purchase Agreement, or the Purchase Agreement. The Purchasers have certain registration rights pursuant to the Purchase Agreement which have been waived until the first business day following December 31, 2023. Sales of our common stock made pursuant to the Sales Agreement have been made under our $400.0 million Shelf Registration on Form S-3ASR, which became automatically effective upon filing on September 3, 2021. As of September 30, 2023, we have used a total of $171.4 million of the $400.0 million under our Shelf Registration, with $228.6 million remaining and available for use.

Future Funding Requirements

Since our inception, we have devoted substantially all of our efforts to therapeutic drug discovery and development, conducting preclinical studies and clinical trials, enabling manufacturing activities in support of our therapeutic candidates, establishing our intellectual property portfolio, developing our commercialization strategy, hiring to support these departments and activities and raising capital to support and expand these activities. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable and accrued expenses. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of our clinical trials and our expenditures on other research and development activities.

Our net loss for the nine months ended September 30, 2023 and September 30, 2022 was $147.8 million and $104.3 million, respectively. As of September 30, 2023, we had an accumulated deficit of $520.1 million and cash and cash equivalents of $337.3 million. Based upon our current operating plans, we believe that our existing cash and cash equivalents will be sufficient to fund our operations for at least the next 12 months from the date these condensed consolidated financial statements are issued. Our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially. We have based this estimate on assumptions that may prove to be wrong and we could deplete our capital resources sooner than we expect.

The process of conducting preclinical studies and testing product candidates in clinical trials is costly, and the timing of progress and expenses in these studies and trials is uncertain. We expect to continue to incur net losses for the foreseeable future until, if ever, we have an approved product and can successfully commercialize it. We expect our research and development expenses to increase as we continue our development of, and seek marketing approvals for, our therapeutic candidates (especially as we move more candidates into later stages of clinical development), and begin to commercialize any approved products, if ever. At this time, we are preparing to proceed with the commercialization of certain of our product candidates, if ever approved. As a result, we will incur significant pre-commercialization expenses in preparation for launch, the outcome of which is uncertain. Additionally, if approved, we will incur significant commercialization expenses related to product sales, marketing, manufacturing, and distribution. We also expect additional general and administrative expenses as we hire additional personnel and incur increased accounting, audit, legal, regulatory and compliance, investor and public relations expense to support the Company as we continue to expand.

Until such time we, if ever, can generate substantial product revenue, we expect to finance our cash needs through equity offerings, debt financings or other capital sources, including strategic licensing and collaborations, strategic transactions, or other similar arrangements and transactions, and from time to time, we engage in discussions with potential acquirers regarding the disposition of one or more of our product candidates. However, there can be no assurance as to the availability or terms upon which such finances or capital might be available in the future. If we are unable to secure adequate additional funding, we will need to reevaluate our operating plan and may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, delay, scale back or eliminate some or all of our development programs, or relinquish rights to our intellectual property on less favorable terms than we would otherwise choose. These actions could materially impact our business, results of operations, financial condition, and prospects.

Our future liquidity and capital funding requirements will depend on numerous factors, including:

- the outcome, costs and timing of preclinical studies and clinical trials for our current or future therapeutic candidates;
- whether and when we are able to obtain marketing approval to market any of our therapeutic candidates and the outcome of meetings with applicable regulatory agencies, including the FDA;
- our ability to successfully commercialize any therapeutic candidates that receive marketing approval;
- the emergence and effect of competing or complementary therapeutics or therapeutic candidates;
- our ability to maintain, expand and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with the licensing, filing, prosecution, defense and enforcement of any patents or other intellectual property rights;
- our ability to retain our current employees and the need and ability to hire additional management and scientific and medical personnel;
- the terms and timing of any strategic licensing, collaboration or other similar agreement that we have established or may establish;
- our ability to repay, refinance or restructure our indebtedness when payment is due, including in the event such indebtedness is accelerated;
- the valuation of our capital stock; and
- the continuing or future effects of a potential economic downturn, geopolitical events, and widespread health events on capital and financial markets.

We do not own or operate manufacturing and testing facilities for the production of any of our therapeutic candidates, nor do we have plans to develop our own manufacturing operations in the foreseeable future. We currently rely on a limited number of third-party contract manufacturers for all of our required raw materials, antibodies and other biologics for our preclinical research, clinical trials, and if and when applicable, commercial product, and employ internal resources to manage our manufacturing relationships with these third parties.

Commitments

Our material cash requirements from known contractual and other obligations primarily relate to our lease obligations, debt, and services provided by our third party CROs, and CDMOs.

We have two leases for our laboratory and office space, which expire in 2025, with an option to extend the leases for an additional five years. As of September 30, 2023, we have future minimum rental payments under these leases of $3.9 million, of which $2.2 million and $1.7 million are current and non-current, respectively. For more information regarding these lease agreements, refer to Note 7 to the condensed consolidated financial statements.

Under the Amended 2020 Loan Agreement, we are required to make interest only payments through February 2025, with all principal payments and final fee payments beginning in March 2025 and continuing through the maturity date of January 2027. The interest-only period may be extended an additional twelve months if the Company raises at least $100.0 million in upfront licensing or partnership proceeds by February 2025, upon which principal payments would begin in March 2026. As of September 30, 2023, we have a minimum obligation of $261.8 million of long-term debt, including minimum interest and final fee payments, of which $18.6 million and $243.2 million are current and non-current, respectively. For more information regarding the Amended 2020 Loan Agreement, refer to Note 3 to the condensed consolidated financial statements.

We enter into contracts in the normal course of business with CROs related to our ongoing preclinical studies and clinical trials and with CDMOs for clinical supplies and manufacturing scale-up activities. These contracts are generally cancellable, with notice, at our option. We have recorded accrued expenses of approximately $17.4 million in our condensed consolidated balance sheets for expenditures incurred by CROs and CDMOs as of September 30, 2023.

While these contracts are generally cancellable, some may contain specific activities that involve one or more noncancellable commitments, including minimum purchase commitments, binding annual forecasts and capital equipment investments. Additionally, depending on the timing and reasoning of the exit, certain termination penalties may apply and can range from the cost of work performed to date up to twelve months of future committed manufacturing costs. As of September 30, 2023, the noncancellable portion of these contracts total in aggregate, excluding amounts recorded in accounts payable and accrued expenses as of this date is approximately $52.5 million. The noncancellable purchase commitments relate to the purchase of raw materials and future contract manufacturing of drug supply for INBRX-101.

Cash Flow Summary

The following table sets forth a summary of the net cash flow activity for each of the periods indicated (in thousands):

	NINE MONTHS ENDED SEPTEMBER 30,	
	2023	2022
Net cash used in operating activities	$ (136,488)	$ (84,701)
Net cash used in investing activities	(1,151)	(419)
Net cash provided by financing activities	201,101	99,892
Net increase in cash and cash equivalents	$ 63,462	$ 14,772

Operating Activities

Net cash used in operating activities was $136.5 million during the nine months ended September 30, 2023 and consisted primarily of a net loss of $147.8 million, adjusted for non-cash items including accretion on our debt discount and the non-cash portion of interest expense related to our debt of $3.7 million, stock-based compensation expense of $18.4 million, depreciation and amortization of $0.9 million and non-cash lease expense of $1.3 million. Changes in operating assets and liabilities also contributed to the cash used in operating activities, primarily related to an increase in prepaid expenses and other current assets of $19.3 million due to the prepayment of raw materials to one of our CDMO partners during the third quarter of 2023. This was offset in part by increases in accrued expenses and other current liabilities of $8.7 million and an increase in accounts payable of $0.8 million due to the timing of payments to our CRO and CDMO partners during the period. Additionally, the operating lease liability decreased by $1.4 million as a result of lease payments made throughout the period, while deferred revenue decreased by $0.2 million due to the recognition of revenue under the Chiesi Option Agreement upon Chiesi's declination of its option.

Net cash used in operating activities was $84.7 million during the nine months ended September 30, 2022 and consisted primarily of a net loss of $104.3 million, adjusted for non-cash items including accretion on our debt discount and the non-cash portion of interest expense related to our debt of $2.2 million, stock-based compensation expense of $15.1 million, depreciation and amortization of $0.9 million, and non-cash lease expense of $1.2 million. Changes in operating assets and liabilities also contributed to the cash used in operating activities, primarily related to increases in prepaid expenses and other current assets of $0.4 million and accrued expenses and other current liabilities of $5.0 million due to the timing of clinical activity and contract manufacturing work performed by our CDMO partners. These were offset by increases in other non-current assets of $1.3 million relating to deposits paid to one of our CRO partners. Additionally, deferred revenue decreased by $1.7 million upon the recognition of revenue under our option and license agreements, and the operating lease liability decreased by $1.2 million.

Investing Activities

Net cash used in investing activities was $1.2 million and $0.4 million during the nine months ended September 30, 2023 and September 30, 2022, respectively, and was related to capital purchases of laboratory and office equipment.

Financing Activities

Net cash provided by financing activities was $201.1 million during the nine months ended September 30, 2023, which consisted primarily of gross proceeds of $200.0 million from the issuance of our common stock and pre-funded warrants to purchase shares of our common stock in a private placement transaction, offset in part by the payment of $0.1 million of issuance costs associated with this transaction. Additionally, we received approximately $1.2 million of proceeds upon the exercise of stock options.

Net cash provided by financing activities was $99.9 million during the nine months ended September 30, 2022 and consisted primarily of approximately $98.9 million in net proceeds from Oxford under the Amended 2020 Loan Agreement upon draw of the Term D loan in February 2022 and the Term E and Term F loans in June 2022. Additionally, we received approximately $1.1 million of proceeds upon the exercise of stock options.

Critical Accounting Estimates and Policies

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements requires us to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Changes in estimates are reflected in reported results for the period in which they become known. Actual results could differ significantly from the estimates made by our management.

There have been no material changes to our critical accounting policies and estimates from those disclosed in our financial statements and the related notes and other financial information included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Recent Accounting Pronouncements

See Note 1 to our condensed consolidated financial statements included elsewhere in this Quarterly Report for a discussion of recent accounting pronouncements and their effect, if any, on us.

Item 3. Quantitative and Qualitative Disclosures about Market Risks.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended, or 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

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed pursuant to the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial and accounting officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation and supervision of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were designed and operating effectively at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and our Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. In addition, the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Part II — Other Information

Item 1. Legal Proceedings.

We are not currently a party to any material legal proceedings. From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity, reputational harm and other factors.

Item 1A. Risk Factors.

There have been no material changes to the risk factors set forth in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and in Part II, Item 1A of our Quarterly Report on Form 10-Q for the three months ended March 31, 2023.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

On November 6, 2023 the Compensation Committee of our Board of Directors approved and adopted the Company's Clawback Policy, or the Clawback Policy, which was established in accordance with the listing requirements of the Nasdaq Stock Market LLC. The Clawback Policy provides for the recovery or "clawback" of certain erroneously awarded incentive-based compensation in the event that the Company is required to prepare an accounting restatement. The Clawback Policy is effective as of October 2, 2023. The foregoing description of the material terms of Clawback Policy is qualified in its entirety by reference to the full text of the Clawback Policy, which is filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q and incorporated herein by reference.

Item 6. Exhibits.

(a) Exhibits.

Exhibit No.	Description of Exhibit	Filed Herewith	Incorporated By Reference Form	Reference File No.	Date Filed
⌊	Form of Pre-Funded Warrant to Purchase Common Stock.		8-K	001-39452	8/29/2023
.1^	Form of Securities Purchase Agreement.		8-K	001-39452	8/29/2023
.2	Inhibrx, Inc. Clawback Policy	X			
.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
1.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	X			
1.SCH	Inline XBRL Taxonomy Extension Schema Document	X			
1.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X			
1.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X			
1.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X			
1.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X			
4	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document contained in Exhibit 101	X			

^ Certain schedules to this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. Copies of the omitted schedules will be furnished to the SEC upon request.

* This certification is deemed not filed for purpose of section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

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.

INHIBRX, INC.

Date: November 9, 2023

/s/ Mark P. Lappe

Mark P. Lappe

Chief Executive Officer and Chairman

(Principal Executive Officer)

Date: November 9, 2023

/s/ Kelly D. Deck

Kelly D. Deck, C.P.A.

Chief Financial Officer

(Principal Financial and Accounting Officer)

INHIBRX, INC.
CLAWBACK POLICY

I. Introduction

The Compensation Committee of the Board of Directors (the " **Committee**") of Inhibrx, Inc. (the " **Company**") believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Committee has therefore adopted this policy which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the "**Policy**"). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the " **Exchange Act**") and final rules and amendments adopted by the Securities and Exchange Commission (the " **SEC**") to implement the aforementioned legislation.

II. Administration

This Policy shall be administered by the Committee. Any determinations made by the Committee shall be final and binding on all affected individuals.

III. Covered Executives

This Policy applies to the Company's current and former executive officers, as determined by the Committee in accordance with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the SEC and any national securities exchange on which the Company's securities are listed, and such other employees who may from time to time be deemed subject to the Policy by the Committee ("**Covered Executives**").

IV. Incentive-Based Compensation

For purposes of this Policy, incentive-based compensation (" **Incentive-Based Compensation**") includes any compensation that is granted, earned, or vested based wholly or in part upon the attainment of any financial reporting measures that are determined and presented in accordance with the accounting principles ("**GAAP Measures**") used in preparing the Company's financial statements and any measures derived wholly or in part from such measures, as well as non-GAAP Measures, stock price, and total shareholder return (collectively, "**Financial Reporting Measures**"); however, it does not include: (i) base salaries; (ii) discretionary cash bonuses; (iii) awards (either cash or equity) that are solely based upon subjective, strategic or operational standards or standards unrelated to Financial Reporting Measures, and (iv) equity awards that vest solely on completion of a specified employment period or without any performance condition. Incentive-Based Compensation is considered received in the fiscal period during which the applicable reporting measure is attained, even if the payment or grant of such award occurs after the end of that period. If an award is subject to both time-based and performance-based vesting conditions, the award is considered received upon satisfaction of the performance-based conditions, even if such an award continues to be subject to the time-based vesting conditions.

For the purposes of this Policy, Incentive-Based Compensation may include, among other things, any of the following:

- Annual bonuses and other short- and long-term cash incentives
- Stock options
- Stock appreciation rights
- Restricted stock or restricted stock units
- Performance shares or performance units

For purposes of this Policy, Financial Reporting Measures may include, among other things, any of the following:

- Company stock price
- Total shareholder return
- Revenues
- Net income

- Earnings before interest, taxes, depreciation, and amortization (EBITDA)
- Funds from operations
- Liquidity measures such as working capital or operating cash flow
- Return measures such as return on invested capital or return on assets
- Earnings measures such as earnings per share

V. Recoupment; Accounting Restatement

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under U.S. securities laws, including any required accounting restatement to correct an error in previously issued financial statements that (i) is material to the previously issued financial statements or (ii) is not material to previously issued financial statements, but that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period, the Committee will require reimbursement or forfeiture of any excess Incentive-Based Compensation received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare the accounting restatement (the "**Look-Back Period**"). For the purposes of this Policy, the date on which the Company is required to prepare an accounting restatement is the earlier of (i) the date the Committee concludes or reasonably should have concluded that the Company is required to prepare a restatement to correct a material error, and (ii) the date a court, regulator, or other legally authorized body directs the Company to restate its previously issued financial statements to correct a material error. The Company's obligation to recover erroneously awarded compensation is not dependent on if or when the restated financial statements are filed.

Recovery of the Incentive-Based Compensation is only required when the excess award is received by a Covered Executive (i) after the beginning of their service as a Covered Executive, (ii) who served as an executive officer at any time during the performance period for that Incentive-Based Compensation, (iii) while the Company has a class of securities listed on a national securities exchange or a national securities association, and (iv) during the Look-Back Period immediately preceding the date on which the Company is required to prepare an accounting restatement.

VI. Excess Incentive Compensation: Amount Subject to Recovery

The amount of Incentive-Based Compensation subject to recovery is the amount the Covered Executive received in excess of the amount of Incentive-Based Compensation that would have been paid to the Covered Executive had it been based on the restated financial statements, as determined by the Committee. The amount subject to recovery will be calculated on a pre-tax basis.

For Incentive-Based Compensation received as cash awards, the erroneously awarded compensation is the difference between the amount of the cash award that was received (whether payable in a lump sum or over time) and the amount that should have been received applying the restated Financial Reporting Measure. For cash awards paid from bonus pools, the erroneously awarded Incentive-Based Compensation is the pro rata portion of any deficiency that results from the aggregate bonus pool that is reduced based on applying the restated Financial Reporting Measure.

For Incentive-Based Compensation received as equity awards that are still held at the time of recovery, the amount subject to recovery is the number of shares or other equity awards received or vested in excess of the number that should have been received or vested applying the restated Financial Reporting Measure. If the equity award has been exercised, but the underlying shares have not been sold, the erroneously awarded compensation is the number of shares underlying the award.

In instances where the Company is not able to determine the amount of erroneously awarded Incentive-Based Compensation directly from the information in the accounting restatement, the amount will be based on the Company's reasonable estimate of the effect of the accounting restatement on the applicable measure. In such instances, the Company will maintain documentation of the determination of that reasonable estimate.

VII. Method of Recoupment

The Committee will determine, in its sole discretion, subject to applicable law, the method for recouping Incentive-Based Compensation hereunder, which may include, without limitation:

a. requiring reimbursement of cash Incentive-Based Compensation previously paid;

b. seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;

c. offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;

d. cancelling outstanding vested or unvested equity awards; and/or

e. taking any other remedial and recovery action permitted by law, as determined by the Committee.

VIII. No Indemnification; Successors

The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive-Based Compensation. This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

IX. Exception to Enforcement

The Committee shall recover any excess Incentive-Based Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Committee in accordance with Rule 10D-1 of the Exchange Act and any applicable rules or standards adopted by the SEC and the listing standards of any national securities exchange on which the Company's securities are listed.

X. Interpretation

The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the SEC and any national securities exchange on which the Company's securities are listed.

XI. Effective Date

This Policy shall be effective as of October 2, 2023 (the " **Effective Date**") and shall apply to Incentive-Based Compensation that is received by a Covered Executive on or after that date, as determined by the Committee in accordance with applicable rules or standards adopted by the SEC and the listing standards of any national securities exchange on which the Company's securities are listed.

XII. Amendment; Termination

The Committee may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to comply with any rules or standards adopted by the SEC and the listing standards of any national securities exchange on which the Company's securities are listed. The Committee may terminate this Policy at any time.

XIII. Other Recoupment Rights

Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

Exhibit 31.1

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

I, Mark P. Lappe, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 9, 2023

/s/ Mark P. Lappe

Mark P. Lappe

Chief Executive Officer and Chairman

(Principal Executive Officer)

Exhibit 31.2

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

I, Kelly D. Deck, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 9, 2023

/s/ Kelly D. Deck

Kelly D. Deck, C.P.A.

Chief Financial Officer

(Principal Financial and Accounting 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 Inhibrx, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark P. Lappe, Chief Executive Officer and Chairman of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: November 9, 2023

/s/ Mark P. Lappe

Mark P. Lappe

Chief Executive Officer and Chairman

(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

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 Inhibrx, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kelly D. Deck, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: November 9, 2023

/s/ Kelly D. Deck

Kelly D. Deck, C.P.A.

Chief Financial Officer

(Principal Financial and Accounting Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.