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DELTA REPORT

10-Q

MRSN - MERSANA THERAPEUTICS, INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2533
CHANGES	257
DELETIONS	1503
ADDITIONS	773

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

FORM 10-Q

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

For the quarterly period ended September 30, 2023 March 31, 2024

OR

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

For the transition period from to

Commission file number 001-38129

Mersana Therapeutics, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**04-3562403**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

840 Memorial Drive Cambridge, MA 02139
(Address of principal executive offices)
(Zip Code)

(617) 498-0020
(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value	MRSN	The Nasdaq Global Select Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company,"

and “emerging growth company” in Rule 12b-2 of the Exchange Act.

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

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

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

There were 120,582,114122,361,236 shares of Common Stock ($0.0001 par value per share) outstanding as of November 3, 2023May 3, 2024.

REFERENCES TO MERSANA

Throughout this Quarterly Report on Form 10-Q, the “Company,” “Mersana,” “we,” “us,” and “our,” except where the context requires otherwise, refer to Mersana Therapeutics, Inc. and its consolidated subsidiary, and “our board of directors” refers to the board of directors of Mersana Therapeutics, Inc.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS AND INDUSTRY DATA

This Quarterly Report on Form 10-Q contains forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, our clinical results and other future conditions. The words “aim,” “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “goal,” “intend,” “may,” “on track,” “plan,” “possible,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will,” “would” or the negative of these terms or other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

These forward-looking statements include, among other things, statements about:

- the initiation, cost, timing, progress and results of our current and future research and development activities, preclinical studies and clinical trials, including our Phase 1 clinical trials of XMT-1660 and XMT-2056;
- the potential benefits of our existing strategic collaborations and our ability to enter into additional strategic collaborations;
- the adequacy of our inventory of XMT-1660 XMT-2056 and our other product candidates XMT-2056 to support our ongoing and planned clinical trials, as well as the outcome of planned manufacturing runs;
- the adequacy of our inventory of Dolasynthen and Immunosynthen platform materials needed for the manufacture of our own product candidates and for the product candidates of our collaborators;
- the timing of, and our ability to obtain and maintain, regulatory approvals for our product candidates;

- our ability to quickly and efficiently identify and develop additional product candidates; candidates and to innovate with respect to our existing or future antibody drug conjugate platforms;
- our ability to advance any product candidate into, and successfully complete, clinical trials;
- unmet needs of patients with cancer indications;
- our intellectual property position, including with respect to our trade secrets;
- the potential benefits of strategic collaborations and our ability to enter into selective strategic collaborations;
- our strategic priorities and our efforts to complete our restructuring plan announced on July 27, 2023; priorities; and
- our estimates regarding expenses, future revenues, capital requirements, the sufficiency of our current and expected cash resources and our need for additional financing.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 March 31, 2024, particularly in the "Risk Factors" section, that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

The forward-looking statements contained herein represent our views as of the date of this Quarterly Report on Form 10-Q and we do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. We anticipate that subsequent events and developments will cause our views to change. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Quarterly Report on Form 10-Q.

This Quarterly Report on Form 10-Q may include industry and market data, which we may obtain from our own internal estimates and research, as well as from industry and general publications and research, surveys, and studies conducted by third parties. Industry publications, studies, and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that such studies and publications are reliable, we have not independently verified market and industry data from third-party sources.

RISK FACTORS FACTOR SUMMARY

Our business is subject to varying degrees of risk and uncertainty. Investors should consider the risks and uncertainties summarized below, as well as the risks and uncertainties discussed in Part II, Item 1A, Risk Factors Factor of this Quarterly Report on Form 10-Q.

Our business is subject to the following principal risks and uncertainties:

- We have a limited number of product candidates being evaluated in clinical trials. A failure of any of our current or future product candidates in clinical development could adversely affect our business and may require us to discontinue development of other product candidates based on the same platform technology.

- We will require substantial additional financing to achieve our goals, and a failure to obtain this necessary capital when needed could force us to delay, limit, reduce or terminate our product development or commercialization efforts.
- We have incurred net losses since our inception, we have no products approved for commercial sale and we anticipate that we will continue to incur substantial operating losses for the foreseeable future.
- We will require substantial additional financing to achieve are in the early stages in our goals, clinical development efforts. We have two product candidates, XMT-1660 and XMT-2056, in Phase 1 clinical development, and we have not yet completed a failure to obtain this necessary capital when needed could force us to delay, limit, reduce or terminate our clinical trial for either of these product development or commercialization efforts. candidates.
- We have a credit facility that requires us to meet certain affirmative and negative covenants and places restrictions on our operating and financial flexibility.
- We face substantial competition, which may result in others discovering, developing or commercializing products before, or more successfully than, we do.
- We only have a limited number of product candidates being evaluated in clinical trials. A failure of any of our current or future product candidates in clinical development could adversely affect our business and may require us to discontinue development of other product candidates based on the same technology.
- We can provide no assurance that our product candidates will obtain regulatory approval or that the results of clinical trials will be favorable.
- Drug discovery and development is a complex, time-consuming and expensive process that is fraught with risk and a high rate of failure. We can provide no assurance of the successful and timely development of new antibody-drug conjugate, or ADC, products.
- We can provide no assurance that our product candidates will obtain regulatory approval or that the results of clinical trials will be favorable.
- If we fail to attract and retain senior management and key scientific personnel, we may be unable to successfully develop our product candidates, conduct our clinical trials and commercialize our product candidates.
- Our restructuring and workforce reduction announced on July 27, 2023 may not result in anticipated savings, could result in total costs and expenses that are greater than expected and could disrupt our business.

- Our activities, including our interactions with healthcare providers, third party payors, patients and government officials, are, and will continue to be, subject to extensive regulation involving health care, anti-corruption, data privacy and security and consumer protection laws. Failure to comply with applicable laws could result in substantial penalties, contractual damages, reputational harm, diminished revenues and curtailment or restructuring of our operations.
- We rely upon patents and other intellectual property rights to protect our technology. We may be unable to protect our intellectual property rights, and we may be liable for infringing the intellectual property rights of others.

- Unfavorable global economic or geopolitical conditions could adversely affect our business, financial condition or results of operations.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Mersana Therapeutics, Inc.

Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)
(unaudited)

		September 30, 2023	December 31, 2022
March 31, 2024			
Assets	**Assets**		
Current assets:	Current assets:		
Current assets:			
Current assets:			
Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents	$186,283	$128,885
Short-term marketable securities	Short-term marketable securities	54,703	151,827
Accounts receivable		—	30,000
Prepaid expenses and other current assets			
Prepaid expenses and other current assets			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	8,752	8,507
Total current assets	Total current assets	249,738	319,219
Property and equipment, net	Property and equipment, net	4,265	3,985
Operating lease right-of-use assets	Operating lease right-of-use assets	8,423	10,475
Other assets, noncurrent	Other assets, noncurrent	478	661
Total assets	Total assets	$262,904	$334,340

March 31, 2024	December 31, 2023

Liabilities and stockholders' equity	**Liabilities and stockholders' equity**		
Current liabilities:	Current liabilities:		
Current liabilities:			
Current liabilities:			
Accounts payable			
Accounts payable			
Accounts payable	Accounts payable	$ 12,946	$ 13,951
Accrued expenses	Accrued expenses	29,321	43,184
Deferred revenue	Deferred revenue	21,592	30,610
Operating lease liabilities	Operating lease liabilities	3,137	2,798
Short-term debt			
Other current liabilities	Other current liabilities	937	990
Total current liabilities	Total current liabilities	67,933	91,533
Operating lease liabilities, noncurrent	Operating lease liabilities, noncurrent	6,050	8,575
Long-term debt, net	Long-term debt, net	25,155	24,929
Deferred revenue, noncurrent	Deferred revenue, noncurrent	111,504	117,043
Other liabilities, noncurrent	Other liabilities, noncurrent	67	203
Total liabilities	Total liabilities	210,709	242,283
Commitments (Note 11)	Commitments (Note 11)		Commitments (Note 11)
Stockholders' equity:	Stockholders' equity:		

Preferred stock, $0.0001 par value; 25,000,000 shares authorized; 0 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively		—	—
Common stock, $0.0001 par value; 350,000,000 shares authorized; 120,548,980 and 105,144,864 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively		12	11
Preferred stock, $0.0001 par value; 25,000,000 shares authorized; 0 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Preferred stock, $0.0001 par value; 25,000,000 shares authorized; 0 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Preferred stock, $0.0001 par value; 25,000,000 shares authorized; 0 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Common stock, $0.0001 par value; 350,000,000 shares authorized; 122,359,130 and 120,711,745 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Additional paid-in capital	Additional paid-in capital	858,999	746,889

Accumulated other comprehensive income (loss)		1	(152)
Accumulated other comprehensive (loss) income			
Accumulated deficit	Accumulated deficit	(806,817)	(654,691)
Total stockholders' equity	Total stockholders' equity	52,195	92,057
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$262,904	$334,340

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

Mersana Therapeutics, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share data)
(unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31, 2024	Three Months Ended March 31, 2024	Three Months Ended March 31, 2024	
Collaboration revenue	Collaboration revenue				
Collaboration revenue	Collaboration revenue	$ 7,698	$ 5,573	$ 26,154	$ 11,893
Operating expenses:	Operating expenses:				

Operating expenses:					
Operating expenses:					
Research and development					
Research and development					
Research and development	Research and development	30,531	50,639	126,774	127,676
General and administrative	General and administrative	12,894	14,573	49,409	42,158
Restructuring expenses		8,214	—	8,214	—
General and administrative					
General and administrative					
Total operating expenses					
Total operating expenses					
Total operating expenses	Total operating expenses	51,639	65,212	184,397	169,834
Other income (expense):	Other income (expense):				
Other income (expense):					
Other income (expense):					
Interest income					
Interest income					
Interest income	Interest income	3,302	708	9,142	1,017
Interest expense	Interest expense	(1,017)	(880)	(3,025)	(2,364)
Total other income (expense), net		2,285	(172)	6,117	(1,347)
Interest expense					
Interest expense					
Total other income, net					
Total other income, net					
Total other income, net					
Net loss					
Net loss					
Net loss	Net loss	(41,656)	(59,811)	(152,126)	(159,288)
Other comprehensive loss	Other comprehensive loss				
Unrealized gain (loss) on marketable securities		50	(105)	153	(231)
Other comprehensive loss					
Other comprehensive loss					

Unrealized (loss) gain on marketable securities					
Unrealized (loss) gain on marketable securities					
Unrealized (loss) gain on marketable securities					
Comprehensive loss					
Comprehensive loss					
Comprehensive loss	Comprehensive loss	$ (41,606)	$ (59,916)	$ (151,973)	$ (159,519)
Net loss attributable to common stockholders — basic and diluted	Net loss attributable to common stockholders — basic and diluted	$ (41,656)	$ (59,811)	$ (152,126)	$ (159,288)
Net loss attributable to common stockholders — basic and diluted					
Net loss attributable to common stockholders — basic and diluted					
Net loss per share attributable to common stockholders — basic and diluted					
Net loss per share attributable to common stockholders — basic and diluted					
Net loss per share attributable to common stockholders — basic and diluted	Net loss per share attributable to common stockholders — basic and diluted	$ (0.35)	$ (0.61)	$ (1.33)	$ (1.75)
Weighted-average number of shares of common stock used in net loss per share attributable to common stockholders — basic and diluted	Weighted-average number of shares of common stock used in net loss per share attributable to common stockholders — basic and diluted	120,521,985	97,641,936	114,595,910	91,173,989
Weighted-average number of shares of common stock used in net loss per share attributable to common stockholders — basic and diluted					

Weighted-average number of shares of common stock used in net loss per share attributable to common stockholders — basic and diluted	

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

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

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2021	73,709,056	$ 7	$ 572,213	$ —	$ (450,479)	$ 121,741
Issuance of common stock from at-the-market transactions, net of issuance costs of $1,322	13,169,903	2	60,460	—	—	60,462
Exercise of stock options	26,951	—	96	—	—	96
Vesting of restricted stock units	167,174	—	—	—	—	—
Stock-based compensation expense	—	—	5,485	—	—	5,485
Net loss	—	—	—	—	(47,258)	(47,258)
Balance at March 31, 2022	87,073,084	$ 9	$ 638,254	$ —	$ (497,737)	$ 140,526
Issuance of common stock from at-the-market transactions, net of issuance costs of $941	9,904,964	1	39,898	—	—	39,899
Exercise of common stock warrant	16,654	—	—	—	—	—
Vesting of restricted stock units	17,417	—	—	—	—	—
Purchase of common stock under ESPP	154,235	—	606	—	—	606
Stock-based compensation expense	—	—	5,348	—	—	5,348
Other comprehensive loss	—	—	—	(126)	—	(126)
Net loss	—	—	—	—	(52,219)	(52,219)
Balance at June 30, 2022	97,166,354	$ 10	$ 684,106	$ (126)	$ (549,956)	$ 134,034
Issuance of common stock from at-the-market transactions, net of issuance costs of $251	1,382,631	—	10,626	—	—	10,626
Exercise of stock options	27,348	—	110	—	—	110
Vesting of restricted stock units	6,250	—	—	—	—	—

Stock-based compensation expense	—	—	5,375	—	—	5,375
Other comprehensive loss	—	—	—	(105)	—	(105)
Net loss	—	—	—	—	(59,811)	(59,811)
Balance at September 30, 2022	98,582,583	$ 10	$ 700,217	$ (231)	$ (609,767)	$ 90,229

	Common Stock					
	Shares	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Stockholders' Equity
Balance at December 31, 2022						
Balance at December 31, 2022						
Balance at December 31, 2022	105,144,864	$ 11	$ 746,889	$ (152)	$ (654,691)	$ 92,057
Issuance of common stock from at-the-market transactions, net of issuance costs of $558	3,535,093	—	21,795	—	—	21,795
Exercise of stock options	8,826	—	34	—	—	34
Vesting of restricted stock units	372,291	—	—	—	—	—
Stock-based compensation expense	—	—	6,407	—	—	6,407
Other comprehensive gain	—	—	—	164	—	164
Net loss	—	—	—	—	(56,163)	(56,163)
Balance at March 31, 2023	109,061,074	$ 11	$ 775,125	$ 12	$ (710,854)	$ 64,294
Issuance of common stock from at-the-market transactions, net of issuance costs of $1,524	10,929,438	1	71,874	—	—	71,875
Balance at December 31, 2023						
Balance at December 31, 2023						
Balance at December 31, 2023						
Issuance of common stock from at-the-market transactions, net of issuance costs of $185						

Exercise of stock options	Exercise of stock options	88,770	—	393	—	—	393
Vesting of restricted stock units		88,690	—	—	—	—	—
Purchase of common stock under ESPP		291,260	—	963	—	—	963
Vesting of restricted stock units and other stock awards							
Stock-based compensation expense	Stock-based compensation expense	—	—	6,643	—	—	6,643
Other comprehensive loss	Other comprehensive loss	—	—	—	(61)	—	(61)
Net loss	Net loss	—	—	—	—	(54,307)	(54,307)
Balance at June 30, 2023		120,459,232	$ 12	$ 854,998	$ (49)	$ (765,161)	$ 89,800
Balance at March 31, 2024							
Vesting of restricted stock units and other stock awards		89,748	—	—	—	—	—
Stock-based compensation expense		—	—	4,001	—	—	4,001
Other comprehensive gain		—	—	—	50	—	50
Net loss		—	—	—	—	(41,656)	(41,656)
Balance at September 30, 2023		120,548,980	$ 12	$ 858,999	$ 1	$ (806,817)	$ 52,195

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

Mersana Therapeutics, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2023	**2022**

Three Months Ended March 31,		**Three Months Ended March 31,**	
2024		**2024**	**2023**

Cash flows from operating activities	Cash flows from operating activities		
Net loss			
Net loss			
Net loss	Net loss	$(152,126)	$(159,288)
Adjustments to reconcile net loss to net cash used in operating activities:	Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	Depreciation	1,070	645
Depreciation			
Depreciation			
Net amortization of premiums and discounts on marketable securities	Net amortization of premiums and discounts on marketable securities	(4,239)	(396)
Net amortization of premiums and discounts on marketable securities			
Net amortization of premiums and discounts on marketable securities			
Stock-based compensation	Stock-based compensation	17,051	16,208
Non-cash operating lease expense			
Other non-cash items	Other non-cash items	536	574
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Accounts receivable			
Accounts receivable			

Accounts receivable	Accounts receivable	30,000	—
Prepaid expenses and other current assets	Prepaid expenses and other current assets	(244)	2,459
Accounts payable	Accounts payable	(659)	1,153
Accounts payable			
Accounts payable			
Accrued expenses	Accrued expenses	(13,617)	11,848
Operating lease right-of-use assets		2,051	2,127
Operating lease liabilities			
Operating lease liabilities			
Operating lease liabilities	Operating lease liabilities	(2,186)	(1,861)
Deferred revenue	Deferred revenue	(14,557)	128,397
Net cash (used in) provided by operating activities		(136,920)	1,866
Deferred revenue			
Deferred revenue			
Net cash used in operating activities			
Cash flows from investing activities	**Cash flows from investing activities**		
Cash flows from investing activities			
Cash flows from investing activities			
Maturities of marketable securities			
Maturities of marketable securities			

Maturities of marketable securities	Maturities of marketable securities	232,970	54,000
Purchase of marketable securities	Purchase of marketable securities	(131,453)	(159,878)
Purchase of property and equipment	Purchase of property and equipment	(1,782)	(1,412)
Net cash provided by (used in) investing activities		99,735	(107,290)
Net cash (used in) provided by investing activities			
Cash flows from financing activities			
Cash flows from financing activities			
Cash flows from financing activities	**Cash flows from financing activities**		
Net proceeds from at-the-market facilities	Net proceeds from at-the-market facilities	93,539	110,954
Net proceeds from at-the-market facilities			
Net proceeds from at-the-market facilities			
Proceeds from exercise of stock options	Proceeds from exercise of stock options	427	206
Proceeds from purchases of common stock under ESPP		963	606
Payment of debt issuance costs			
Payment of debt issuance costs			
Payment of debt issuance costs	Payment of debt issuance costs	(150)	—

Payments under finance lease obligations	Payments under finance lease obligations	(196)	(207)
Net cash provided by financing activities	Net cash provided by financing activities	94,583	111,559
Increase in cash, cash equivalents and restricted cash		57,398	6,135
Decrease in cash, cash equivalents and restricted cash			
Decrease in cash, cash equivalents and restricted cash			
Decrease in cash, cash equivalents and restricted cash			
Cash, cash equivalents and restricted cash, beginning of period	Cash, cash equivalents and restricted cash, beginning of period	129,363	178,425
Cash, cash equivalents and restricted cash, end of period	Cash, cash equivalents and restricted cash, end of period	$ 186,761	$ 184,560
Supplemental disclosures of non-cash activities:			
Supplemental cash flow information:			
Supplemental cash flow information:			
Supplemental cash flow information:			
Purchases of property and equipment in accounts payable and accrued expenses			
Purchases of property and equipment in accounts payable and accrued expenses			

Purchases of property and equipment in accounts payable and accrued expenses	Purchases of property and equipment in accounts payable and accrued expenses	$	442	$	407
Common stock issuance costs in accounts payable and accrued expenses					
Common stock issuance costs in accounts payable and accrued expenses					
Common stock issuance costs in accounts payable and accrued expenses					
Cash paid for interest					
Cash paid for interest		$	2,508	$	1,746
Right-of-use assets obtained in exchange for operating lease liabilities		$	—	$	298

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

Mersana Therapeutics, Inc.
Notes to condensed consolidated financial statements
(unaudited)

1. Nature of business and basis of presentation

Mersana Therapeutics, Inc. (the "Company") is a clinical-stage biopharmaceutical company focused on developing antibody-drug conjugates ("ADCs") that offer a clinically meaningful benefit for cancer patients with significant unmet need. The Company has leveraged over 20 years of industry learning in the ADC field to develop proprietary and differentiated platforms that enable it to develop ADCs that are designed to have improved efficacy, safety and tolerability relative to existing ADCs and other approved therapies. The Company's next-generation ADC platforms include Dolasynthen, which delivers a proprietary auristatin payload, and Immunosynthen, which delivers a proprietary stimulator of interferon genes ("STING") agonist payload.

The Company is investigating XMT-1660, a B7-H4-directed Dolasynthen ADC, in a Phase 1 clinical trial enrolling patients with solid tumors, including in breast, endometrial and ovarian cancers. The Company initiated a Phase 1 clinical trial to investigate XMT-2056, an Immunosynthen STING-agonist ADC that is designed to target a novel epitope of human epidermal growth factor receptor 2 ("HER2"), in January 2023, enrolling previously treated patients with advanced/recurrent solid tumors expressing HER2, including breast, gastric, colorectal and non-small cell lung cancers. In March 2023, following a voluntary suspension of this clinical trial by the Company, this clinical trial was placed on clinical hold by the U.S. Food and Drug Administration ("FDA"), and the FDA lifted this clinical hold in October 2023. During the three months ended March 31, 2024, the Company re-opened clinical sites and resumed patient recruitment for its

Phase 1 clinical trial of XMT-2056. The Company also has two additional earlier stage preclinical candidates, XMT-2068 and XMT-2175, that leverage the Company's Immunosynthen platform.

In July 2023, the Company announced top-line data from its Phase 2 UPLIFT clinical trial of upifitamab rilsodotin ("UpRi"), which did not meet its primary endpoint. In connection with this announcement, on July 27, 2023, the Company further announced that its primary focus moving forward would be on advancing product candidates and collaborations utilizing its next-generation ADC platforms, Dolasynthen and Immunosynthen. As a result, the Company is winding wound down its UpRi-related development activities and its regulatory and commercial readiness efforts and has terminated its UPGRADE-A and Phase 3 clinical UP-NEXT and UPGRADE-A clinical trials of UpRi, on which the FDA had placed a partial clinical hold in June 2023.

The Company is subject to risks common to companies in the biotechnology industry including, but not limited to, the need for additional capital, risks of failure of preclinical studies and clinical trials, the need to obtain marketing approval and reimbursement for any drug product candidate that it may identify and develop, the need to successfully commercialize and gain market acceptance of its product candidates, dependence on key personnel, protection of proprietary technology, compliance with government regulations, development of technological innovations by competitors, reliance on third party manufacturers and the ability to transition from pilot-scale production to large-scale manufacturing of products.

The Company has incurred cumulative net losses since inception. For the three months ended September 30, 2023 March 31, 2024, the net loss was $41.7 million $19.3 million, compared to $59.8 million $56.2 million in the three months ended September 30, 2022. For the nine months ended September 30, 2023, the net loss was $152.1 million, compared to $159.3 million in the nine months ended September 30, 2022 March 31, 2023. The Company expects to continue to incur operating losses for at least the next several years. As of September 30, 2023 March 31, 2024, the Company had an accumulated deficit of $806.8 million $845.7 million. The future success of the Company is dependent on, among other factors, its ability to identify and develop its product candidates and ultimately upon its ability to attain profitable operations. The Company has devoted substantially all of its financial resources and efforts to research and development and general and administrative expense to support such research and development. Net losses and negative operating cash flows have had, and will continue to have, an adverse effect on the Company's stockholders' stockholders' equity and working capital.

The Company believes that its currently available funds will be sufficient to fund the Company's operations through at least the next twelve months from the issuance of this Quarterly Report on Form 10-Q. Management's belief with respect to its ability to fund operations is based on estimates that are subject to risks and uncertainties. If actual results are different from management's estimates, the Company may need to seek additional funding.

Mersana Therapeutics, Inc.
Notes to condensed consolidated financial statements (continued)
(unaudited)

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

Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted from this report, as is permitted by such rules and regulations. Accordingly, these financial statements should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2022 December 31, 2023 and the notes thereto, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, filed with the SEC on February 28, 2023 February 28, 2024.

The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited financial statements. In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements contain all

adjustments that are necessary to present fairly the Company's financial position as of September 30, 2023 March 31, 2024, the results of its operations for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, the statements of stockholders' equity for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 and statements of cash flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023. Such adjustments are of a normal and recurring nature. The results for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results for the year ending December 31, 2023 December 31, 2024, or for any future period.

Certain items in the prior period financial statements have been reclassified to conform to current period presentation.

2. Summary of significant accounting policies

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include those of the Company and its wholly owned subsidiary, Mersana Securities Corp. All intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of the Company's unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, equity, revenue, expenses and related disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. On an ongoing basis, the Company's management evaluates its estimates which include, but are not limited to, management's judgments with respect to the identification of performance obligations and standalone selling prices of those performance obligations within its revenue arrangements, accrued preclinical, manufacturing and clinical expenses, valuation of stock-based awards and income taxes. Actual results could differ from those estimates.

Segment Information

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision-maker, or decision making group, in deciding how to allocate resources and assess performance. The Company views its operations and manages its business as a single operating segment, which is the business of discovering and developing ADCs.

Summary of Accounting Policies

The significant accounting policies used in preparation of these condensed consolidated financial statements for the three and nine months ended September 30, 2023 March 31, 2024 are consistent with those discussed in Note 2, *Summary of Significant Accounting Policies*, in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Fair Value Measurements

Fair value is defined as the price that would be received upon sale of an asset or paid to transfer a liability between market participants at measurement dates. ASC 820, *Fair Value Measurement,* establishes a three-level valuation hierarchy for instruments measured at fair

value. The hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1—Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Concentration of Credit Risk and Off-balance Sheet Risk

Financial instruments that potentially subject the Company to concentrations of credit risk primarily consist of cash equivalents and marketable securities. Under its investment policy, the Company limits amounts invested in such securities by credit rating, maturity, industry group, investment type and issuer, except for securities issued by the U.S. government. The Company does not believe that it is subject to any significant concentrations of credit risk from these financial instruments. The Company has no financial instruments with off-balance sheet risk, such as foreign exchange contracts, option contracts, or other foreign hedging arrangements.

Cash and Cash Equivalents

The Company considers all highly-liquid investments with an original maturity, or a remaining maturity at the time of purchase, of three months or less to be cash equivalents. The Company invests excess cash primarily in money market funds, treasury securities, commercial paper and government agency securities, which are highly liquid and have strong credit ratings. The Company determined that these These investments are subject to minimal credit and market risks. Cash and cash equivalents are stated at cost, which approximates market value.

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies, that and the Company adopts such pronouncements as of the specified effective date. Unless otherwise discussed below, the Company does not believe that the adoption of recently issued standards have has had or may have a material impact on the Company's condensed consolidated financial statements or disclosures.

In November 2023, the FASB issued Accounting Standard Update, or ASU, 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which is intended to improve reportable segment disclosure requirements, primarily through additional disclosures about significant segment expenses. The standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact ASU 2023-07 may have on the Company's consolidated financial statements.

In December 2023, the FASB, issued ASU 2023-09, *Improvements to Income Tax Disclosures*, which requires entities to disclose disaggregated information about their effective tax rate reconciliation as well as expanded information on income taxes paid by jurisdiction. The disclosure requirements will be applied on a prospective basis, with the option to apply them retrospectively. The standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact ASU 2023-09 may have on the Company's consolidated financial statements.

3. Collaboration agreements

GSK

On August 6, 2022, the Company entered into a Collaboration, Option and License Agreement (the "GSK Agreement") with GlaxoSmithKline Intellectual Property (No. 4) Limited ("GSK"), pursuant to which the Company granted GSK an exclusive option to obtain an exclusive license (the “Option”) to co-develop and to commercialize products containing XMT-2056 (the "Licensed Products"), exercisable within a specified time period (the “Option Period”) after the Company delivers to GSK data resulting from completion of dose escalation with enrichment for breast cancer patients in a Phase 1 single-agent clinical trial of XMT-2056. GSK’s exercise of the Option may require clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (“HSR Clearance” and GSK’s exercise of the Option following any applicable HSR Clearance, the “GSK Option Exercise”). Prior to the GSK Option Exercise, the Company will lead and will be responsible for the costs of manufacturing, research, and early clinical development related to its XMT-2056 program.

Pursuant to the GSK Agreement, GSK paid the Company a non-refundable, upfront fee of $100.0 million in August 2022. Following the GSK Option Exercise, if any, GSK is obligated to pay the Company an option exercise payment of $90.0 million (the "Option Payment").

The GSK Agreement will terminate at the end of the Option Period if GSK does not exercise its Option. In the event of the GSK Option Exercise, unless earlier terminated, the GSK Agreement will continue in effect until the date on which the royalty term and all payment obligations with respect to all Licensed Products in all countries have expired.

Accounting Analysis

The Company assessed the GSK Agreement in accordance with ASC 606 and concluded that the contract counterparty, GSK, is a customer. The Company identified the following two material performance obligations under the GSK Agreement: (i) development activities, including manufacturing, research and early clinical development activities, necessary to deliver the package of data, information and materials specified in the GSK agreement (the "Development Activities") and (ii) the Option to co-develop and to commercialize Licensed Products (the "License Option").

The Company is recognizing revenue related to the Development Activities performance obligation over the estimated period of the pre-option development using a proportional performance model as the underlying activities are performed. The Company measures proportional performance based on the costs incurred relative to the total costs expected to be incurred.

The Company deferred revenue recognition related to the License Option. If the License Option is exercised and GSK obtains an exclusive license, the Company will recognize revenue as it fulfills its obligations under the GSK Agreement. If the Option is not exercised, the Company will recognize the entirety of the revenue in the period when the Option expires.

During the three months ended September 30, 2023 March 31, 2024 and 2022 and the nine months ended September 30, 2023 and 2022 2023, the Company recorded collaboration revenue of $0.5 million, $0.7 million, $1.8 million, a de minimis amount and $0.7 million, respectively, related to its efforts under the GSK Agreement. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had recorded $96.2 $94.8 million and $98.0 $94.6 million, respectively, in deferred revenue related to the unsatisfied performance obligations under the GSK Agreement. This deferred revenue will be recognized over the remaining performance period and classified as current or noncurrent on the consolidated balance sheets based upon the expected timing of satisfaction of the performance obligations.

Janssen Johnson & Johnson

In February 2022, the Company entered into a research collaboration and license agreement with Janssen Biotech Inc. ("Janssen" Johnson & Johnson" and such agreement, as amended on July 14, 2023 and September 25, 2023, the "Janssen "Johnson & Johnson Agreement") focused on the research, development and commercialization of novel ADCs for three oncology targets by leveraging Mersana's ADC expertise and Dolasynthen platform with Janssen's Johnson & Johnson's proprietary antibodies. Upon execution of the Janssen Johnson & Johnson Agreement, the Company received a non-refundable upfront payment of $40.0 million from Janssen. Janssen Johnson & Johnson. Johnson & Johnson may select up to three targets and may substitute each target once prior to a substitution deadline. Janssen Johnson & Johnson is not required to pay a fee for its first substitution right, but must pay a one-time fee for access to the subsequent substitution rights following its exercise of its second substitution right. During the year ended December 31, 2023, Johnson & Johnson exercised its first substitution right for a certain target.

Pursuant to mutually agreed research and CMC chemistry, manufacturing and controls ("CMC") plans, the Company will perform bioconjugation, production development, preclinical manufacturing, and certain related research and preclinical development activities, in order to progress the targets through investigational new drug application ("IND") submission for further development, manufacture and commercialization by Janssen. Johnson & Johnson. The Company estimates that its activities under the research plans for the targets will be performed through 2024. into 2025.

The Johnson & Johnson is required to pay for the Company's CMC activities will be compensated by Janssen at agreed upon rates. Unless earlier terminated, the Janssen Johnson & Johnson Agreement will expire upon the expiration of the last royalty term for a product under the Janssen Johnson & Johnson Agreement.

Janssen Johnson & Johnson may request that the Company perform clinical manufacturing services under a separate clinical supply agreement. Janssen Johnson & Johnson may also request that the Company perform a technology transfer of bioconjugation and manufacturing process technology, at Janssen's Johnson & Johnson's cost, at an agreed upon rate.

Accounting Analysis

The Company assessed the Janssen Johnson & Johnson Agreement in accordance with ASC 606 and concluded that the contract counter party, Janssen, Johnson & Johnson, is a customer. The Company identified the following seven material performance obligations under the Janssen Johnson & Johnson Agreement: (i) exclusive Janssen Johnson & Johnson Licenses and research activities for each of the three designated targets, (ii) CMC activities for each of the three designated targets and (iii) the first target substitution right.

The Company determined that the consideration for CMC activities represents variable consideration. CMC activities for one of the three designated targets have been initiated. The Company has included limited cost reimbursements within the transaction price. The Company elected to apply the Right to Invoice practical expedient under ASC 606. 606 related to the CMC activities. As such, the Company will recognize revenue related to the CMC activities when the services are performed. performed over the corresponding CMC plan for a given target.

As of September 30, 2023 March 31, 2024, the revised total transaction price for the Janssen Johnson & Johnson Agreement was $48.0 million. During 2023, the Company revised the estimated transaction price by $6.0 million based on the reassessment of the constraint of certain development milestones and the remaining risks associated with the development required to achieve the milestones.

The Company is recognizing revenue related to the JanssenJohnson & Johnson Licenses and research services performance obligation over the estimated period of the research services using a proportional performance model. The Company measures proportional performance based on the costs incurred relative to the total costs expected to be incurred.

The Company recognizes revenue related to the first target substitution right over time in congruence with the Janssen Licenses and research activities, upon the exercise of the option. If the first target substitution option is not exercised, the Company will recognize the entirety of the revenue in the period when the option expires.

In February 2024, the Company arranged to provide additional CMC activities to Johnson & Johnson (the "2024 CMC Arrangement) . These CMC activities are a single combined performance obligation. As of March 31, 2024, the transaction price was $5.0 million based on the total costs expected to be incurred to develop and manufacture drug substance. The Company is recognizing revenue related to the performance obligation over the estimated period of the CMC activities using a proportional performance model.

During the three months ended September 30, 2023 March 31, 2024 and 2022 and the nine months ended September 30, 2023 and 2022, 2023, the Company recorded collaboration revenue of $4.9 million, $4.9 million, $14.0 $6.1 million and $10.9 $1.5 million, respectively, related to its performance obligations under the Janssen Johnson & Johnson Agreement. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had recorded $9.9 $5.7 million and $15.8 $10.4 million, respectively, in deferred revenue related to the Janssen Johnson & Johnson Agreement and the 2024 CMC Arrangement that will be recognized over the remaining performance period and classified as current or noncurrent on the consolidated balance sheets based upon the expected timing of satisfaction of respective performance obligations.

Merck KGaA and affiliates

Immunosynthen Platform Agreement

In December 2022, the Company entered into a research collaboration and license agreement with Ares Trading S.A. ("MRKDG" and such agreement, the "2022 Merck KGaA Agreement"), a wholly owned subsidiary of Merck KGaA, Darmstadt, Germany (Merck KGaA and/or its affiliate, as applicable, "Merck KGaA" and such agreement, the "2022 Merck KGaA Agreement"), focused on the research, development and commercialization of novel ADCs for up to two specific target antigens by leveraging Mersana's ADC expertise and Immunosynthen platform with MRKDG's Merck KGaA's proprietary antibodies. In connection with the 2022 Merck KGaA Agreement, the Company received a non-refundable upfront payment of $30.0 million. Pursuant to the 2022 Merck KGaA Agreement, the Company granted MRKDG Merck KGaA two exclusive, non-transferable, worldwide licenses - a research license and a commercialization license (together, the "MRKDG "Merck KGaA Licenses").

Pursuant to mutually agreed research and CMC plans, the Company will perform bioconjugation, production development, preclinical manufacturing, and certain related research and preclinical development activities, in order to progress the targets through IND (or foreign equivalent) submission for further development, manufacture and commercialization by MRKDG. Merck KGaA. The Company estimates that its activities under the research plans for the targets will be performed through into 2026.

The Company's CMC activities will be compensated by MRKDG Merck KGaA at agreed upon rates. Unless earlier terminated, the 2022 Merck KGaA Agreement will expire upon the expiration of the last royalty term for a product under the 2022 Merck KGaA Agreement.

MRKDG Merck KGaA may request that the Company perform clinical manufacturing services under a separate clinical supply agreement. MRKDG Merck KGaA may also request that the Company perform a technology transfer of bioconjugation technology, at MRKDG's Merck KGaA's cost, at an agreed upon rate.

Accounting Analysis

The Company assessed the 2022 Merck KGaA Agreement in accordance with ASC 606 and concluded that the contract counter party, MRKDG, Merck KGaA, is a customer. The Company identified the following four material performance obligations under the 2022 Merck KGaA Agreement: (i) exclusive MRKDG Merck KGaA Licenses and research activities for each of the two designated targets and (ii) CMC activities for each of the two designated targets.

The Company is recognizing revenue related to the MRKDG Merck KGaA Licenses and research services performance obligation over the estimated period of the research services using a proportional performance model. The Company measures proportional

performance based on the costs incurred relative to the total costs expected to be incurred.

Mersana Therapeutics, Inc.
Notes to condensed consolidated financial statements (continued)
(unaudited)

During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company recorded collaboration revenue of $2.3 $3.2 million and $7.9 $3.1 million, respectively, related to its efforts under the 2022 Merck KGaA Agreement. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had recorded $23.1 $17.1 million and $30.0 $20.2 million, respectively, in deferred revenue related to the unsatisfied performance obligations under the 2022 Merck KGaA Agreement. This deferred revenue will be recognized over the remaining performance period and classified as current or noncurrent on the consolidated balance sheets based upon the expected timing of satisfaction of respective performance obligations.

Mersana Therapeutics, Inc.
Notes to condensed consolidated financial statements (continued)
(unaudited)

Dolaflexin Platform Agreement

In June 2014, the Company entered into a collaboration and commercial license agreement with Merck KGaA (the "2014 Merck KGaA Agreement"). Upon the execution of the 2014 Merck KGaA Agreement, Merck KGaA paid the Company a non-refundable technology access fee of $12.0 million for the right to develop ADCs directed to six exclusive targets over a specified period of time. No additional fees are due when a target is designated and the commercial license to the target is granted. Merck KGaA will be responsible for the product development and marketing of any products resulting from this collaboration.

Under the terms of the 2014 Merck KGaA Agreement, the Company and Merck KGaA develop research plans to evaluate Merck KGaA's antibodies as ADCs incorporating the Company's technology. The Company receives reimbursement for its efforts under the research plans. The goal of the research plans is to provide Merck KGaA with sufficient information to formally nominate a development candidate and begin IND-enabling studies.

All six targets were designated prior to 2018. The Company has previously received $3.0 million related to development milestones under the 2014 Merck KGaA Agreement. There have been no additional milestone payments during the nine months ended September 30, 2023 or 2022.

In May 2018, the Company entered into a Supply Agreement with Merck KGaA (the "2018 Merck KGaA Supply Agreement"). Under the terms of the 2018 Merck KGaA Supply Agreement, the Company will provide Merck KGaA preclinical non-good manufacturing practice ("non-GMP") ADC drug substance and clinical good manufacturing practice ("GMP") drug substance for use in clinical trials associated with one of the antibodies designated under the 2014 Merck KGaA Agreement. The Company receives fees for its efforts under the 2018 Merck KGaA Supply Agreement and reimbursement equal to the supply cost. The Company may also enter into future supply agreements to provide clinical supply material should Merck KGaA pursue clinical development of any other candidates nominated under the 2014 Merck KGaA Agreement.

Accounting Analysis

The Company concluded that Merck KGaA is a customer and accounted for the 2014 Merck KGaA Agreement in accordance with ASC 606. The Company identified the following performance obligations under the 2014 Merck KGaA Agreement: (i) exclusive license and

research services for six designated targets, (ii) rights to future technological improvements and (iii) participation of project team leaders and providing joint research committee services.

The Company is recognizing revenue related to the exclusive license and research and development services performance obligation over the estimated period of the research and development services using a proportional performance model. The Company measures proportional performance based on the costs incurred relative to the total costs expected to be incurred. To the extent that the Company receives fees for the research services as they are performed, these amounts are recorded as deferred revenue. Revenue related to future technological improvements and joint research committee services will be recognized ratably over the performance period (which in the case of the joint research committee services approximate the time and cost incurred each period), which are 10 and 5 years, respectively. The Company is continuing to reassess the estimated remaining term at each subsequent reporting period.

As of September 30, 2023, the Company has completed its research service obligations associated with four of the six designated targets and the joint research committee services. Collaboration revenue recognized during the three months ended September 30, 2023 and 2022 was immaterial. There was no collaboration revenue or corresponding research and development expense recognized during the three and nine months ended September 30, 2023 and 2022 related to the 2018 Merck KGaA Supply Agreement.

As of September 30, 2023 and December 31, 2022, the Company had recorded $3.9 million in deferred revenue related to the 2014 Merck KGaA Agreement and 2018 Merck KGaA Supply Agreement, in the aggregate, that will be recognized over the remaining performance period.

Summary of Contract Assets and Liabilities

The following table presents changes in the balances of the Company's contract liabilities:

	Balance at Beginning of Period	Additions	Deductions	Balance at End of Period
Three months ended March 31, 2024				
	Balance at Beginning of Period	**Additions**	**Deductions**	**Balance at End of Period**
Nine months ended September 30, 2023				
Contract liabilities:				
Contract liabilities:				
Contract liabilities:	Contract liabilities:			
Total deferred revenue	Total deferred revenue	$147,653	$ 1,710	$ 16,267	$133,096

Nine months ended September 30, 2022				
Total deferred revenue				
Total deferred revenue				
Three months ended March 31, 2023				
Three months ended March 31, 2023				
Three months ended March 31, 2023				
Contract liabilities:				
Contract liabilities:				
Contract liabilities:	Contract liabilities:			
Total deferred revenue	Total deferred revenue	$ 3,944	$140,000	$ 11,603	$132,341
Total deferred revenue				
Total deferred revenue				

The Company had no did not record any contract assets associated with its collaboration agreements as of September 30, 2023 March 31, 2024 and September 30, 2022. 2023.

During the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recognized the following revenues as a result of changes in the contract liability balances in the respective periods:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	Three months ended March 31,			
	Three months ended March 31,			
	Three months ended March 31,			
	2024			
	2024			
	2024			
Revenue recognized in the period from:				
Revenue recognized in the period from:				

Revenue recognized in the period from:	**Revenue recognized in the period from:**				
Amounts included in the contract liability at the beginning of the period	Amounts included in the contract liability at the beginning of the period	$ 4,503	$ 4,919	$ 17,963	$ 32
Amounts included in the contract liability at the beginning of the period					
Amounts included in the contract liability at the beginning of the period					

Other Revenue

The Company has provided limited services for a collaborator, Asana BioSciences, LLC ("Asana Biosciences"), pursuant to a 2012 research, development and license agreement (the "Asana Biosciences Agreement"). The Company did not recognize revenue related to these services during the three and nine months ended September 30, 2023 and March 31, 2024. During the three months ended September 30, 2022. During the nine months ended September 30, 2022 the Company recognized revenue of $0.3 million related to these services. During the nine months ended September 30, 2023 March 31, 2023, the Company recognized revenue of $2.5 million related to achievement of a development milestone under the research, development and license agreement for which performance obligations were previously completed. Asana Biosciences Agreement.

4. Fair value measurements

The following table presents information about the Company's assets measured at fair value on a recurring basis and indicates the level within fair value hierarchy of the valuation techniques utilized to determine such value.

		September 30, 2023							
		March 31, 2024							**March 31, 2024**
(in thousands)	**(in thousands)**	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**(in thousands)**	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash equivalents	Cash equivalents									
Money market funds										

Money market funds					
Money market funds	Money market funds	$137,795	$ 137,795	$ —	$ —
Marketable securities	Marketable securities				
Marketable securities					
Marketable securities					
U.S. treasury securities	U.S. treasury securities	$ 29,811	$ 29,811	$ —	$ —
U.S. government agency securities		24,892	—	24,892	—
U.S. treasury securities					
U.S. treasury securities					
		$ 54,703	$ 29,811	$ 24,892	$ —

		December 31, 2022			
		December 31, 2023			
(in thousands)	(in thousands)	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	Cash equivalents				
Money market funds	Money market funds	$ 50,471	$ 50,471	$ —	$ —
U.S. government agency securities		9,993	—	9,993	—
		$ 60,464	$ 50,471	$ 9,993	$ —

		December 31, 2023			
(in thousands)		Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds					
Money market funds					
U.S. treasury securities					
	$				
Marketable securities	Marketable securities				

U.S. treasury securities	U.S. treasury securities	$107,810	$ 107,810	$ —	$ —
U.S. treasury securities					
U.S. treasury securities					
U.S. government agency securities	U.S. government agency securities	44,017	—	44,017	—
		$151,827	$ 107,810	$ 44,017	$ —
	$				

There were no changes in valuation techniques or transfers between fair value measurement levels during the nine three months ended September 30, 2023 March 31, 2024 or during the year ended December 31, 2022 December 31, 2023.

Investments classified as Level 1 within the valuation hierarchy generally consist of U.S. treasury securities and money market funds, as the fair value is readily determinable based on active daily markets for identical securities. Investments classified as Level 2 within the valuation hierarchy generally consists consist of U.S. government agency securities, as the fair value is readily determinable based on active daily markets for similar securities and other observable inputs. The Company estimates the fair values of investments by taking into consideration valuations obtained from third-party pricing sources.

The carrying amounts reflected in the consolidated balance sheets for prepaid expenses and other current assets, accounts receivable, accounts payable and accrued expenses approximate their fair values due to their short-term nature.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the carrying value of the Company's outstanding borrowing under the New Credit Facility (as defined in Note 7, *Debt*) approximated fair value (a Level 2 fair value measurement), reflecting interest rates currently available to the Company. The New Credit Facility is discussed in more detail in Note 7, *Debt*.

5. Cash, cash equivalents, and short-term marketable securities

Cash and cash equivalents

The following table summarizes the Company's cash, cash equivalents, and restricted cash as of September 30, 2023 March 31, 2024 and 2022. 2023.

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022		
Three Months Ended March 31, 2024			Three Months Ended March 31, 2024	Three Months Ended March 31, 2023

(in thousands)	(in thousands)	Beginning of period	End of period	Beginning of period	End of period	(in thousands)	Beginning of period	End of period	Beginning of period	End of period
Cash and cash equivalents	Cash and cash equivalents	$128,885	$186,283	$177,947	$184,082					
Restricted cash included in other assets, noncurrent	Restricted cash included in other assets, noncurrent	478	478	478	478					
Total cash, cash equivalents and restricted cash per statement of cash flows	Total cash, cash equivalents and restricted cash per statement of cash flows	$129,363	$186,761	$178,425	$184,560					

Marketable securities

The following tables summarize the Company's marketable securities held at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

	September 30, 2023								
	March 31, 2024								March 31, 2024
(in thousands)	(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Marketable securities	Marketable securities									
U.S. treasury securities	U.S. treasury securities	$29,807	$ 13	$ (9)	$29,811					
U.S. government agency securities		24,895	4	(7)	24,892					
Total		$54,702	$ 17	$ (16)	$54,703					
U.S. treasury securities										
U.S. treasury securities										

	December 31, 2022

(in thousands)	December 31, 2023				(in thousands)	December 31, 2023			
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Marketable securities	Marketable securities									
U.S. treasury securities	U.S. treasury securities	$107,964	$ 7	$ (161)	$107,810					
U.S. treasury securities	U.S. treasury securities									
U.S. government agency securities	U.S. government agency securities	44,016	24	(23)	44,017					
Total	Total	$151,980	$ 31	$ (184)	$151,827					

All of the Company's marketable securities are due within one year or less. The Company did not realize any gains or losses recognized on the sale of marketable securities during the nine three months ended September 30, 2023, March 31, 2024 and 2023, and as a result, the Company did not reclassify any amounts out of accumulated comprehensive loss.

As of September 30, 2023 March 31, 2024, the Company's debt security portfolio consisted of 5 15 securities that were in an unrealized loss position and had an aggregate fair value of $29.9 $103.1 million. There were no securities in an unrealized loss position for greater than 12 months as of September 30, 2023 March 31, 2024. The unrealized losses on the Company's marketable securities were caused by market interest rate increases. The Company has the intent and ability to hold such securities until recovery. As a result, the Company did not record any charges for credit-related impairments for its marketable any debt securities in its portfolio for the three months ended September 30, 2023. March 31, 2024 and 2023.

Mersana Therapeutics, Inc.
Notes to condensed consolidated financial statements (continued)
(unaudited)

6. Accrued expenses

Accrued expenses consisted of the following as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

(in thousands)	(in thousands)	September 30, 2023	December 31, 2022	(in thousands)	March 31, 2024	December 31, 2023
Accrued payroll and related expenses						

Accrued research, development and non-clinical expenses			
Accrued clinical expenses	Accrued clinical expenses	$ 8,544	$14,822
Accrued payroll and related expenses		7,168	11,558
Accrued manufacturing expenses	Accrued manufacturing expenses	4,250	11,536
Accrued professional fees			
Accrued restructuring expenses	Accrued restructuring expenses	4,190	—
Accrued research and non-clinical expenses		3,062	2,767
Accrued professional fees		1,583	1,865
Accrued other	Accrued other	524	636
		$29,321	$43,184
	$		

7. Debt

On October 29, 2021, the Company entered into a loan and security agreement (the (as amended on February 17, 2022, October 17, 2022, December 27, 2022, and March 23, 2023, the "New Credit Facility") with Silicon Valley Bank ("former SVB") and Oxford Finance LLC ("Oxford" and, together with former SVB and the other lenders from time to time a party thereto, the "Lenders"). In March 2023, Silicon Valley Bridge Bank, N.A ("SVBB"), as successor in interest to former SVB, replaced former SVB as a Lender, and then Silicon Valley Bank, a division of First-Citizens Bank & Trust Company ("SVB"), which assumed all deposits and loans of SVBB, subsequently replaced SVBB as a Lender. The New Credit Facility as amended on February 17, 2022, October 17, 2022, December 27, 2022, and March 23, 2023, is secured by substantially all of the Company's personal property owned or later acquired, excluding intellectual property (but including the rights to payments and proceeds from intellectual property), and a negative pledge on intellectual property. The Company has drawn $25.0 million under the New Credit Facility as of September 30, 2023 March 31, 2024. As of September 30, 2023 March 31, 2024, no additional borrowing amounts were available to the Company under the New Credit Facility, as amended. Facility.

Refer to Note 8, *Debt*, in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 for more information regarding the New Credit Facility. As of September 30, 2023 March 31, 2024, the Company was in compliance with all covenants under the New Credit Facility. There are were no events of default under the New Credit Facility as of September 30, 2023 March 31, 2024.

The following is a summary of obligations under the New Credit Facility as of September 30, 2023 March 31, 2024:

(in thousands)	September 30, 2023	March 31, 2024
Total debt	$	25,000
Less: Current portion of long-term debt	—	(5,208)
Total debt, net of current portion	25,000	19,792
Debt financing costs, net of accretion	(259)	(216)
Accretion related to final payment	414	522
Long-term debt, net	$ 25,155	20,098

Interest expense related to the New Credit Facility for the three months ended September 30, 2023 March 31, 2024 and 2022 and nine months ended September 30, 2023 and 2022 2023 was $1.0 million, $0.8 million, $2.9 million, and $2.3 million, respectively. $0.9 million.

Mersana Therapeutics, Inc.
Notes to condensed consolidated financial statements (continued)
(unaudited)

8. Stockholders' equity

Preferred stock

As of September 30, 2023 March 31, 2024, the Company had 25,000,000 shares of authorized preferred stock. No shares of preferred stock have been issued.

At-the-market ("ATM") equity offering program

In May 2020, the Company established an ATM equity offering program (the "2020 ATM"), pursuant to which it was able to offer and sell up to $100.0 million of its common stock from time to time at prevailing market prices. During the first quarter of 2022, the Company sold 11,740,210 shares of common stock under the 2020 ATM, resulting in net proceeds of $54.8 million. As of March 31, 2022, the 2020 ATM had been fully utilized.

In February 2022, the Company established a new an ATM equity offering program (the "February 2022 ATM"), pursuant to which it was able to offer and sell up to $100.0 million of its common stock from time to time at prevailing market prices. During the nine three months ended September 30, 2022 March 31, 2023, the Company sold 12,717,288 shares of common stock under the February 2022 ATM, resulting in net proceeds of $56.5 million. During the first quarter of 2023, the Company sold 256,386 shares of common stock under the February 2022 ATM, resulting in net proceeds of $1.6 million. As of March 31, 2023, the February 2022 ATM had been fully utilized.

In November 2022, the Company established an additional ATM equity offering program (the "November 2022 ATM"), pursuant to which it is able to offer and sell up to $150.0 million of its common stock from time to time at prevailing market prices. During the nine three months ended September 30, 2023, March 31, 2024 and 2023, the Company sold 14,208,145 1,041,201 and 3,278,707 shares of common stock under the November 2022 ATM, respectively, resulting in net proceeds of $92.2 million. $5.8 million and $20.2 million, respectively. As of September 30, 2023 March 31, 2024, approximately $55.9 $50.0 million remained unsold and available for sale under the November 2022 ATM.

Warrants

In connection with a 2013 Series A-1 Preferred Stock issuance, February 2024, the Company granted to certain investors warrants to purchase shares of common stock. All such outstanding warrants expired established an additional ATM equity offering program (the "February 2024 ATM"), pursuant to their terms on September 27, 2023. The warrants had a $0.05 per share exercise price which it is able to offer and a contractual life sell up to $100.0 million of 10 years. The fair value of these warrants was recorded as a component of equity at the time of issuance. There were no warrants to purchase shares of its common stock outstanding as from time to time at prevailing market prices. As of September 30, 2023. During March 31, 2024, approximately $100.0 million remained unsold and available for sale under the nine months ended September 30, 2023, there were no exercises of warrants in exchange for shares of common stock. February 2024 ATM.

Common stock

At the Company's 2022 Annual Meeting of Stockholders on June 9, 2022, the Company's stockholders approved an amendment to the Company's Fifth Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock, $0.0001 par value per share, from 175,000,000 to 350,000,000. This increase became effective upon filing of a Certificate of Amendment with the Secretary of State of the State of Delaware on June 9, 2022.

The holders of the common stock are entitled to one vote for each share held. Common stockholders are not entitled to receive dividends, unless declared by the Board of Directors of the Company (the "Board").

Mersana Therapeutics, Inc.
Notes to condensed consolidated financial statements (continued)
(unaudited)

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were 16,300,491 17,996,810 and 11,944,664, 14,736,953, respectively, shares of common stock reserved for the exercise of outstanding stock options, restricted stock units ("RSUs") and warrants.

	March 31, 2024	March 31, 2024	December 31, 2023
Stock options			
Restricted stock units			

	September 30, 2023	December 31, 2022
Stock options	12,178,126	10,051,283
Restricted stock units	4,122,365	1,870,791
Warrants	—	22,590
	17,996,810	

	17,996,810	
	16,300,491	11,944,664
	17,996,810	

9. Stock-based compensation

Stock incentive plans

Prior to its initial public offering, the Company granted stock options pursuant to the Company's 2007 Stock Incentive Plan (the "2007 Plan"). The 2007 Plan expired in June 2017. Any cancellations or forfeitures of options granted under the 2007 Plan will increase the options available under the Company's 2017 Stock Incentive Plan (the "2017 Plan"), as described below.

In June 2017 the Company's stockholders approved the 2017 Plan. Under the 2017 Plan, shares of common stock could be granted to the Company's employees, officers, directors, consultants and advisors in the form of options, RSUs or other stock-based awards. The number of shares of common stock issuable under the 2017 Plan will be cumulatively increased annually on January 1 by the lesser of (a) 4% of the outstanding shares on the immediately preceding December 31 or (b) such other amount specified by the Board. The terms of the awards are determined by the Board, subject to the provisions of the 2017 Plan. Any cancellations or forfeitures of options granted under the 2007 Plan, which expired in June 2017, would increase the number of shares that could be granted under the 2017 Plan. On January 1, 2023 January 1, 2024, the number of shares of common stock issuable under the 2017 Plan was increased by 4,205,794 4,828,469 shares. During the nine three months ended September 30, 2023 March 31, 2024, the Company granted an aggregate of 7,107,900 4,580,278 RSUs and options to purchase shares of common stock, and shares of common stock to employees and non-employee directors under the 2017 Plan. As of September 30, 2023 March 31, 2024, there were 864,450 2,895,583 shares available for future issuance under the 2017 Plan.

Under the 2017 Plan, with respect to both incentive stock options and nonqualified stock options, the exercise price per share will not be less than the fair market value of the common stock on the date of grant and the vesting period for options granted to employees is generally four years. In accordance with the Company's non-employee director compensation policy, as in effect from time to time, options granted to non-employee directors in lieu of cash retainer fees earned are fully vested upon grant, options granted to non-employee directors upon initial election to the board of directors vest over three years, and options granted to non-employee directors on the date of each of annual meeting of stockholders vest over one year. Options granted under the 2017 Plan expire no later than 10 years from the date of grant. Options under the 2007 Plan were granted at an exercise price established by the Board (or an authorized committee thereof) that was not less than the fair market value of the underlying common stock on the date of grant and subject to such vesting provisions determined by the Board (or an authorized committee thereof). The Board may accelerate vesting or otherwise adjust the terms of granted options in the case of a merger, consolidation, dissolution, or liquidation of the Company.

Inducement awards

From time to time, the Company grants to its employees, upon approval by the Board or an authorized committee thereof, options to purchase shares of common stock and/or RSUs as an inducement to employment in accordance with Nasdaq Listing Rule 5635(c)(4). Prior to February 2022, only options to purchase shares of common stock were granted as inducement awards, and they were granted outside of an existing equity incentive plan. These options are subject to terms substantially the same as the 2017 Plan.

In February 2022, the Board adopted the Company's 2022 Inducement Stock Incentive Plan (the "Inducement Plan"), which provides for the grant of nonstatutory options, stock appreciation rights, restricted stock, RSUs and other stock-based awards, with respect to an aggregate of 2,000,000 shares of the Company's common stock (subject to adjustment as provided in the Inducement Plan). During the nine months ended September 30, 2023, the Company granted an aggregate of 865,370 RSUs and options to purchase shares of common stock to newly hired employees under the Inducement Plan. As of September 30, 2023 March 31, 2024, there were 1,058,609 1,280,925 shares available for future issuance under the Inducement Plan.

As of September 30, 2023 March 31, 2024, there were options to purchase 657,500 457,500 shares of common stock outstanding which were granted as inducement awards prior to the establishment of the Inducement Plan.

Stock option activity

A summary of stock option activity is as follows:

	Number of Shares	Weighted-Average Exercise Price
Outstanding at January 1, 2023	10,051,283	$ 9.84
Outstanding at January 1, 2024	Number of Shares	Weighted-Average Exercise Price
Granted	3,972,166	$ 4.80
Exercised	(97,596)	$ 4.37
Cancelled/forfeited	(1,747,727)	$ 10.62
Outstanding at September 30, 2023	12,178,126	$ 8.13
Outstanding at March 31, 2024		
Exercisable at September 30, 2023	7,130,744	$ 9.25
Exercisable at March 31, 2024		
Exercisable at March 31, 2024		
Exercisable at March 31, 2024		

The weighted-average grant date fair value of options granted during the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $3.85 $2.60 and $3.96 $6.06 per share, respectively. The total intrinsic value of options exercised during the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $0.3 million and immaterial, respectively. immaterial.

The aggregate intrinsic value represents the difference between the exercise price and the selling price received by option holders upon the exercise of stock options during the period.

Cash received from the exercise of stock options was $0.4 million and immaterial respectively, for the nine three months ended September 30, 2023 March 31, 2024 and 2022.

Mersana Therapeutics, Inc.
Notes to condensed consolidated financial statements (continued)
(unaudited)

2023.

Restricted stock units and other awards

The Company periodically issues RSUs with a service condition to certain officers and other employees that typically vest between one year and four years from the grant date. In accordance with its non-employee director compensation policy, as in effect from time to time, the Company annually issues RSUs with a service condition to non-employee directors that typically vest one year from the date of grant, and the Company may also issue shares of common stock in lieu of cash retainer fees earned to certain non-employee directors, which shares are fully vested upon grant.

A summary of the RSU activity is as follows:

	Number of Shares
Unvested at January 1, 2023 January 1, 2024	1,870,791 3,834,108
Granted	3,982,567 2,290,749
Vested	(532,192) (594,067)
	(1,198,801)
Forfeited(a)	(244,419)
Unvested at September 30, 2023 March 31, 2024	4,122,365 5,286,371

(a) Includes 14,467 rescinded RSUs.

Mersana Therapeutics, Inc.
Notes to condensed consolidated financial statements (continued)
(unaudited)

Employee stock purchase plan

During the year ended December 31, 2017, the Board adopted, and the Company's stockholders approved the 2017 employee stock purchase plan (the "2017 ESPP"). The number of shares of common stock issuable under the 2017 ESPP was increased by 450,000 on January 1, 2023 January 1, 2024. The Company issued 291,260 and 154,235 did not issue shares respectively, under the 2017 ESPP during the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023. As of September 30, 2023 March 31, 2024, there were 454,531 814,283 shares available for issuance under the 2017 ESPP.

Stock-based compensation expense

The Company uses the provisions of ASC 718, *Stock Compensation*, to account for all stock-based awards to employees and non-employees.

Stock-based compensation expense is recognized over the requisite service period, which is generally the vesting period, using the straight-line method.

Mersana Therapeutics, Inc.
Notes to condensed consolidated financial statements (continued)
(unaudited)

The following table presents stock-based compensation expense by award type included within the Company's condensed consolidated statements of operations and comprehensive loss:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
(in thousands)					
(in thousands)					
(in thousands)	(in thousands)	2023	2022	2023	2022
Stock options	Stock options	$ 3,211	$ 3,901	$ 11,718	$ 11,952
Restricted stock units		694	1,365	4,647	3,832
Stock options					
Stock options					
Restricted stock units and other stock awards					
Restricted stock units and other stock awards					
Restricted stock units and other stock awards					
Employee stock purchase plan					
Employee stock purchase plan					
Employee stock purchase plan	Employee stock purchase plan	96	109	686	424
Stock-based compensation expense included in total operating expenses	Stock-based compensation expense included in total operating expenses	$ 4,001	$ 5,375	$ 17,051	$ 16,208
Stock-based compensation expense included in total operating expenses					
Stock-based compensation expense included in total operating expenses					

The following table presents stock-based compensation expense as reflected in the Company's condensed consolidated statements of operations and comprehensive loss:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
(in thousands)					
(in thousands)					
(in thousands)	(in thousands)	2023	2022	2023	2022
Research and development	Research and development	$ 2,153	$ 2,890	$ 8,881	$ 8,569
Research and development					
Research and development					
General and administrative					
General and administrative					
General and administrative	General and administrative	1,848	2,485	8,170	7,639
Stock-based compensation expense included in total operating expenses	Stock-based compensation expense included in total operating expenses	$ 4,001	$ 5,375	$ 17,051	$ 16,208
Stock-based compensation expense included in total operating expenses					
Stock-based compensation expense included in total operating expenses					

Mersana Therapeutics, Inc.
Notes to condensed consolidated financial statements (continued)
(unaudited)

As of September 30, 2023 March 31, 2024, there was $18.7 million $17.8 million and $15.1 million $15.9 million of unrecognized stock-based compensation expense related to unvested stock options and unvested RSUs, respectively, that is expected to be recognized over a weighted-average period of 1.8 2.0 years and 2.5 2.9 years, respectively.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	Three Months Ended March 31,			

		Three Months Ended March 31, 2024		Three Months Ended March 31, 2024		2024		2024	
Risk-free interest rate									
Risk-free interest rate									
Risk-free interest rate	Risk-free interest rate	4.4	%	2.9	%	3.8	%	2.0	%
Expected dividend yield	Expected dividend yield	—	%	—	%	—	%	—	%
Expected dividend yield									
Expected dividend yield									
Expected term (years)									
Expected term (years)									
Expected term (years)	Expected term (years)		6.09		6.11		6.06		5.99
Expected stock price volatility	Expected stock price volatility	113	%	94	%	103	%	88	%
Expected stock price volatility									
Expected stock price volatility									

Expected volatility for the Company's common stock is determined based on its historical volatility. The risk-free interest rate is based on the yield of U.S. Treasury securities consistent with the expected term of the option. No dividend yield was assumed as the Company has not historically and does not expect to pay dividends on its common stock. The expected term of the options granted is based on the use of the simplified method, in which the expected term is presumed to be the mid-point between the vesting date and the end of the contractual term.

The fair value of RSUs is determined based on the closing price of the Company's common stock on the date of grant.

10. Net loss per share

Basic net loss per share of common stock is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, without further consideration for potentially dilutive securities. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock and potentially dilutive securities outstanding for the period determined using the treasury stock method.

For purposes of the diluted net loss per share calculation, stock options, unvested RSUs and warrants to purchase common stock are considered to be potentially dilutive securities, but are excluded from the calculation of diluted net loss per share because their effect would be anti-dilutive and therefore, basic and diluted net loss per share were the same for all periods presented.

The following table sets forth the outstanding potentially dilutive securities that have been excluded from the calculation of diluted net loss per share because to include them would be anti-dilutive (in common stock equivalent shares):

	Three and nine months ended September 30, 2023	Three and nine months ended September 30, 2022
Stock options	12,178,126	10,524,780
Unvested restricted stock units	4,122,365	1,870,682
Warrants	—	22,590
	16,300,491	12,418,052

11. Commitments

License agreements

During the three and nine months ended September 30, 2023 and the three months ended September 30, 2022, the Company did not record research and development expense related to non-refundable license payments. During the nine months ended September 30, 2022, the Company recorded research and development expense related to non-refundable license payments of $1.5 million.

During the three and nine months ended September 30, 2023, the Company did not record research and development expense related to development milestones. During the three and nine months ended September 30, 2022, the Company recorded research and development expense of $0.7 million related to development milestones associated with XMT-1660.

	Three months ended March 31, 2024	Three months ended March 31, 2023
Stock options	12,710,439	12,299,527
Unvested restricted stock units	5,286,371	3,447,387
Warrants	—	22,590
	17,996,810	15,769,504

12. Restructuring **11. Commitments**

On July 27, 2023, ***License agreements***

During the three months ended March 31, 2024 and 2023, the Company announced decisions to reprioritize its areas of focus and to discontinue its clinical development of UpRi following an evaluation of top-line data from the Company's UPLIFT Phase 2 clinical trial of UpRi in patients with platinum-resistant ovarian cancer, which did not meet its primary endpoint. In connection with these decisions, on July 26, 2023 the Company's board of directors approved certain expense reduction measures, including a reduction of approximately

50% of the Company's then-current total employee base (the "Restructuring"). Affected employees were eligible to receive severance and benefit payments, notice pay and outplacement services in connection with the reduction.

The Company expects to incur a total of approximately $7 million related to severance and benefit payments, notice pay and outplacement services in connection with the Restructuring. The Company expects to incur a total of approximately $2 million related to contract terminations associated with the Restructuring. Restructuring costs incurred are included within restructuring expenses on the consolidated statements of operations and comprehensive loss.

The following table summarizes the charges incurred in connection with the Restructuring:

(in thousands)	Severance & Employee Related Costs	Contract Termination and Other Costs	Total Costs
Cumulative costs to date	$ 6,425	$ 1,789	$ 8,214
Costs incurred during the three and nine months ended September 30, 2023	$ 6,425	$ 1,789	$ 8,214

The following tables summarizes the charges incurred in connection with the Restructuring related to record research and development activities expense related to non-refundable license payments.

During the three months ended March 31, 2024 and general 2023, the Company did not record research and administrative activities: development expense related to development milestones.

(in thousands)	Three and nine months ended September 30, 2023
Research and development related	$ 4,927
General and administrative related	$ 3,287

Accrued restructuring costs, which are included in accrued expenses on the consolidated balance sheets, were as follows:

(in thousands)	Severance & Employee Related Costs	Contract Termination Costs	Total Costs
Balance at December 31, 2022	$ —	$ —	$ —
Additional expense	6,425	372	6,797
Cash payments	(2,435)	—	(2,435)
Other adjustments	(172)	—	(172)
Balance at September 30, 2023	$ 3,818	$ 372	$ 4,190

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report on Form 10-Q and the audited financial statements and the accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 filed with the Securities and Exchange Commission, or SEC, on February 28, 2023 February 28, 2024.

Our actual results and the timing of certain events may differ materially from the results discussed, projected, anticipated, or indicated in any forward-looking statements. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from the forward-looking statements contained in this Quarterly Report. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Quarterly Report, they may not be predictive of results or developments in future periods.

The following information and any forward-looking statements should be considered in light of factors discussed elsewhere in this Quarterly Report, on Form 10-Q, including those risks identified under Part II, Item 1A. Risk Factors.

We caution readers not to place undue reliance on any forward-looking statements made by us, which speak only as of the date they are made. We disclaim any obligation, except as specifically required by law and the rules of the SEC to publicly update or revise any such statements to reflect any change in our expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

Overview

We are a clinical-stage biopharmaceutical company focused on developing antibody-drug conjugates, or ADCs, that offer a clinically meaningful benefit for cancer patients with significant unmet need. We have leveraged over 20 years decades of industry learning in the ADC field learnings to develop two proprietary and differentiated technology platforms ADC platforms: Dolasynthen and Immunosynthen. Dolasynthen is our cytotoxic ADC platform that enable us to develop ADCs is designed to have improved efficacy, safety generate site-specific, homogeneous ADCs. Dolasynthen allows for drug-to-antibody ratios, or DARs, to be optimized for specific targets and tolerability relative to existing ADCs and other approved therapies. We believe that our innovative platforms and our proprietary payloads together enable utilizes a discovery pipeline for us and our collaborators. Our investments in our proprietary auristatin payload as well as that has been shown clinically to avoid dose-limiting severe neutropenia, peripheral neuropathy and ocular toxicity. Immunosynthen is our proprietary STING (stimulator of interferon genes) agonist payload, together with -agonist platform that is designed to generate systemically administered ADCs that locally activate STING signaling in both antigen-expressing tumor cells and in tumor-resident immune cells to unlock the GMP supply chain established for Dolasynthen and Immunosynthen, all enable our ability to apply anti-tumor potential of innate immune stimulation. We are utilizing these platforms to new and different targets and antibodies to create new product candidates. We call this our product engine. Our ADCs in preclinical studies and clinical trials include first-in-class molecules that target multiple tumor types with high unmet medical need.

Our goal is to become a leading oncology company by leveraging the potential of our innovative and differentiated ADC platforms and the experience and competencies of our management team to discover and develop promising generate ADC product candidates for our company and collaborators that we believe have the potential to commercialize cancer therapeutics improve upon today's standards of care.

Our two clinical-stage product candidates are XMT-1660 and XMT-2056. XMT-1660 is a B7-H4-targeting Dolasynthen ADC designed with a precise, target-optimized DAR of 6 that address unmet medical needs we are investigating in a Phase 1 clinical trial. This trial is designed to assess the safety and tolerability of XMT-1660 and is currently enrolling patients with various tumors, including breast,

endometrial and ovarian cancers. We have not yet established a maximum tolerated dose in this trial, and in light of the objective responses observed in the trial to date, we are continuing to enroll patients in dose escalation and backfill cohorts in order to optimize dose and schedule selection for further investigation in later stages of clinical development. We are also retrospectively assessing B7-H4 expression, based on fresh or provide significant benefits archived tissue samples from participants in this trial, to patients.

On July 27, 2023, inform our biomarker strategy. We expect to disclose initial dose escalation and backfill cohort data in the second half of 2024 and plan to initiate the expansion portion of the trial in the second half of 2024. XMT-2056 is a systemically-administered Immunosynthen ADC targeting a novel human epidermal growth factor receptor 2, or HER2, epitope with a DAR of 8 that we reported top-line data from our are investigating in a Phase 2 UPLIFT 1 clinical trial of upifitamab rilsodotin, or UpRi, and announced that UPLIFT did not meet its primary endpoint. UPLIFT was a single-arm clinical trial that enrolled platinum-resistant ovarian cancer for patients with one to four prior treatment regimens. The primary endpoint for UPLIFT was HER2-expressing advanced or recurrent solid tumors, including breast, gastric, colorectal and non-small cell lung cancers. In the investigator-assessed objective response rate, or ORR, in fourth quarter of 2023, we announced the NaPi2b-positive population. NaPi2b-positive status was defined by resolution of a tumor proportion score, or TPS, of ≥75%. The lower bound of the confidence interval for the primary endpoint did not meet our goal of excluding a 12% ORR seen with standard-of-care single-agent chemotherapy. We are in the process of conducting an in-depth analysis of various factors to better understand the results, as well as the characteristics of patients who responded to UpRi therapy, particularly those whose responses were deep and durable.

In connection with our announcement of top-line data from UPLIFT, on July 27, 2023 we further announced that our primary focus moving forward would be on advancing product candidates and collaborations utilizing our next-generation ADC platforms, Dolasynthen and Immunosynthen. As a result, we are winding down UpRi-related development activities and our regulatory and commercial readiness efforts, which wind-down we expect to be substantially complete by the end of 2023. We have terminated our UP-NEXT and UPGRADE-A clinical trials of UpRi, on which the U.S. Food and Drug Administration, or FDA, had placed a partial clinical hold in June 2023 following our submission of an aggregate safety report of all patients dosed with UpRi evaluating bleeding events UP-NEXT was on our Phase 3 1 clinical trial of UpRi as monotherapy maintenance treatment following treatment with platinum doublets XMT-2056 in recurring platinum sensitive ovarian cancer. UPGRADE-A was a Phase 1 combination trial in which we explored combining UpRi with carboplatin, a standard platinum chemotherapy broadly used in the treatment of platinum sensitive ovarian cancer. If further analyses of data enable the identification of a path forward for UpRi, we will consider strategic alternatives for the asset, including partnering. We also announced that on July 26, 2023 our board of directors approved certain expense reduction measures, including a reduction of approximately 50% of our then-current employee base, or the Restructuring. The Restructuring is expected to be substantially complete by the end of 2023.

We continue to develop two ADCs, XMT-1660 and XMT-2056, leveraging our Dolasynthen and Immunosynthen platforms respectively. XMT-1660 is a B7-H4-directed Dolasynthen ADC designed with a precise, target-optimized drug-to-antibody ratio, or DAR, of 6 and our proprietary auristatin payload. We are currently enrolling patients in our multicenter Phase 1 trial investigating the safety, tolerability and anti-tumor activity of XMT-1660 in previously treated patients with breast, endometrial advanced or recurrent solid tumors expressing HER2. During the first quarter of 2024, we re-opened clinical sites, and ovarian cancers. this trial is actively recruiting patients. We began dosing patients in August 2022 and are continuing expect to advance the dose escalation portion of the trial including enrolling patients in backfill cohorts at clinically relevant doses. We plan to complete the dose escalation portion of the trial in 2023 and plan to initiate the dose expansion portion of the trial in 2024. The FDA has granted Fast Track designation to XMT-1660 for the treatment of adult patients with advanced or metastatic triple-negative breast cancer.

XMT-2056 is a systemically administered Immunosynthen STING agonist ADC (DAR 8) that is designed to target a novel epitope of human epidermal growth factor receptor 2, or HER2, distinct from that targeted by either trastuzumab or pertuzumab, and to locally activate STING signaling in both tumor-resident immune cells and in tumor cells, providing the potential to treat patients with HER2-high or -low tumors as monotherapy and in combination with standard-of-care agents. We initiated a multicenter Phase 1 open-label trial of XMT-2056 in previously treated patients with advanced/recurrent solid tumors expressing HER2, including breast, gastric, colorectal and

non-small cell lung cancers, in January 2023. In March 2023, we announced that this Phase 1 trial of XMT-2056 had been placed on clinical hold by the FDA following our communication to FDA that we were voluntarily suspending the trial due to a Grade 5 (fatal) serious adverse event, or SAE, that was deemed to be related to XMT-2056. The SAE occurred in the second patient who had been enrolled at the initial dose level in the dose escalation portion of the Phase 1 trial in previously treated patients with HER2+ recurrent or metastatic solid tumors. On October 31, 2023, we announced that the FDA had lifted the clinical hold on this clinical trial. We have lowered the starting dose in our Phase 1 dose escalation design and are working to resume enrollment in this trial.

We also have two earlier stage preclinical candidates, which we refer to as XMT-2068 and XMT-2175, that leverage our Immunosynthen platform.

In July 2023, we decided to discontinue the development of XMT-1536, otherwise known as upifitimab rilsodotin, or UpRi, and began a wind-down our UpRi-related development activities, including several clinical trials of UpRi, and our regulatory and commercial readiness efforts. At the same time, we announced that our board of directors had approved certain expense reduction measures, including a reduction of approximately 50% of our then-current employee base, or the Restructuring. Our wind-down of UpRi-related activities and the Restructuring were substantially complete as of December 31, 2023. Additionally, in May 2022, we made the decision to discontinue the development of XMT-1592, a Dolasynthen ADC that had been in a Phase 1 dose exploration trial in patients with ovarian cancer and non-small cell lung cancer, or NSCLC, and to close this company-sponsored trial, which was completed in September 2022.

We have entered into a global collaboration providing GlaxoSmithKline Intellectual Property (No. 4) Limited, or GSK, an exclusive option to co-develop and commercialize XMT-2056. In addition, we have established strategic research and development collaborations with Janssen Biotech, Inc., or Janssen, Johnson & Johnson, and Ares Trading, S.A., a wholly owned subsidiary of Merck KGaA, Darmstadt, Germany, or each of these entities, as applicable, Merck KGaA, and its affiliates for the development and commercialization of additional ADC product candidates leveraging our proprietary platforms against a limited number of targets selected by our collaborators. We believe the potential of our ADC product candidates and platforms, supported by our scientific and technical expertise and enabled by our intellectual property strategy, all support our independent and collaborative efforts to discover and develop life-changing ADCs for patients fighting cancer.

Since inception, our operations have focused on building our platforms, identifying potential product candidates, producing drug substance and drug product material for use in preclinical studies, conducting preclinical and toxicology studies, manufacturing clinical trial material and conducting clinical trials, establishing and protecting our intellectual property, staffing our company and raising capital. We do not have any products approved for sale and have not generated any revenue from product sales. We have funded our operations primarily through our strategic collaborations, private placements of our convertible preferred stock and public offerings of our common stock, including through our at-the-market, or ATM, equity offering programs.

Since inception, we have incurred significant cumulative operating losses. For the nine three months ended September 30, 2023 March 31, 2024, our net loss was $152.1 million $19.3 million, compared to $159.3 million $56.2 million in the nine three months ended September 30, 2022 March 31, 2023. As of September 30, 2023 March 31, 2024, we had an accumulated deficit of $806.8 million $845.7 million. We expect to continue to incur significant expenses and operating losses over the next several years as we:

- continue clinical development and manufacturing activities for XMT-1660 and XMT-2056;
- continue activities to discover, validate and develop additional product candidates, including XMT-2068 and XMT-2175;
- conduct research and development activities under our collaborations with Johnson & Johnson, Merck KGaA and GSK;
- obtain marketing approvals for our current and future product candidates for which we complete clinical trials;

- develop a sustainable and scalable manufacturing process for our product candidates, including establishing and maintaining commercially viable supply and manufacturing relationships with third parties;
- address any competing technological and market developments;
- maintain, expand and protect our intellectual property portfolio. portfolio; and
- hire additional research, development and general and administrative personnel.

Financial Operations Overview

Revenue

To date, we have not generated any revenue from the sale of products. All of our revenue has been generated from strategic collaborations.

In December 2022, we entered into a collaboration and commercial license agreement, or the 2022 Merck KGaA Agreement, with Ares Trading S.A., or MRKDG, a wholly-owned wholly owned subsidiary of Merck KGaA, Darmstadt, Germany. The 2022 Merck KGaA Agreement provides for the development and commercialization of ADC product candidates utilizing our Immunosynthen platform for up to two target antigens. MRKDG Merck KGaA is responsible for generating antibodies against the target antigens, and we are responsible for performing bioconjugation activities to create ADCs as well as certain chemistry, manufacturing and controls development and early-stage manufacturing activities at their Merck KGaA's cost. MRKDG Merck KGaA has the exclusive right to and is responsible for the further development and commercialization of these ADC product candidates. During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, we recognized $2.3 $3.2 million and $7.9 $3.1 million, respectively, of collaboration revenue related to the 2022 Merck KGaA Agreement.

In August 2022, we entered into a collaboration, option and license agreement, or the GSK Agreement, with GSK to provide GSK with an exclusive option to obtain an exclusive license to co-develop and to commercialize products containing XMT-2056, or Licensed Products. We are responsible for manufacturing, research and early clinical development related to our XMT-2056 program prior to GSK's exercise, if any, of its option. If GSK exercises its option, GSK will have the exclusive right to and will be responsible for the further co-development and commercialization of Licensed Products. During the three months ended September 30, 2023 March 31, 2024 and 2022 and the nine months ended September 30, 2023 and 2022, 2023, we recognized $0.5 million,$0.7 million, $1.8 million a de minimis amount and $0.7 million, respectively, of collaboration revenue related to the GSK Agreement.

In February 2022, we entered into a research collaboration and license agreement or the Janssen Agreement, with Janssen Johnson & Johnson for the development and commercialization of ADC product candidates utilizing our Dolasynthen platform for up to three target antigens. Janssen We refer to such agreement, as amended on July 14, 2023 and September 25, 2023, as the Johnson & Johnson

Agreement. Johnson & Johnson is responsible for generating antibodies against the target antigens, and we are responsible for performing bioconjugation activities to create ADCs as well as certain chemistry, manufacturing and controls development and early-stage manufacturing activities at Janssen's Johnson & Johnson's cost. Janssen Johnson & Johnson has the exclusive right to and is responsible for the further development and commercialization of these ADC product candidates. During the three months ended September 30, 2023 March 31, 2024 and 2022 and the nine months ended September 30, 2023 and 2022 2023 we recognized $4.9 million, $4.9 million, $14.0 $6.1 million and $10.9 $1.5 million, respectively, of collaboration revenue related to performance under the Janssen Agreement.

In June 2014, we entered into a collaboration and commercial license agreement, or the 2014 Merck KGaA Agreement, with Merck KGaA for the development and commercialization of ADC product candidates utilizing our Dolaflexin platform for up to six target antigens. Merck KGaA is responsible for generating antibodies against the target antigens, and we are responsible for generating Dolaflexin and conjugating this to such antibodies to create the ADC product candidates. Merck KGaA has the exclusive right to and is responsible for the further development and commercialization of these ADC product candidates. In May 2018, we entered into a supply agreement, or the Merck KGaA Supply Agreement, with Merck KGaA for the supply of materials that could be used for investigational new drug, or IND, -enabling studies and clinical trials. For each of the three and nine months ended September 30, 2023 and 2022, we recognized an immaterial amount of revenue related to the 2014 Merck KGaA Agreement and Merck KGaA Supply Johnson & Johnson Agreement.

During the nine three months ended September 30, 2023 and 2022 March 31, 2023 we recognized $2.5 million and $0.3 million, respectively, of revenue related to achievement of a development milestone and services provided, respectively, related to Asana BioSciences, LLC, or Asana Biosciences.

For the foreseeable future, we expect substantially all of our revenue to be generated from our collaboration agreements with GSK, Janssen,Johnson & Johnson and Merck KGaA and its affiliate MRKDG and Asana BioSciences. KGaA. Given the uncertain nature and timing of clinical development, we cannot predict when or whether we will receive further milestone payments or any royalty payments under these collaborations.

Expenses

Research and development expenses

Research and development expenses include our drug discovery efforts, manufacturing, and the development of our product candidates, which consist of:

- employee-related expenses, including salaries, benefits and stock-based compensation expense;
- costs of funding research and development performed by third parties that conduct research, preclinical activities, manufacturing and clinical trials on our behalf;
- laboratory supplies;
- facility costs, including rent, depreciation and maintenance expenses; and
- upfront and milestone payments under our third-party licensing agreements.

Research and development costs are expensed as incurred. Costs of certain activities, such as manufacturing, preclinical studies and clinical trials, are generally recognized based on an evaluation of the progress to completion of specific tasks. Costs for certain development activities, such as clinical trials, are recognized based on an evaluation of the progress to completion of specific tasks using data such as patient enrollment, clinical site activations and information provided to us by the third parties with whom we contract.

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials and manufacturing costs. We expect that our future research and development costs will continue to increase over current levels, depending on the progress of our clinical development programs. There are numerous factors associated with the successful development and commercialization of any of our product candidates, including future trial design and various regulatory requirements, many of which cannot be determined with accuracy at our current stage of development. Additionally, future commercial and regulatory factors beyond our control may impact our clinical development programs and plans.

We have not historically allocated all of our internal research and development expenses on a program-by-program basis as our employees and other resources are deployed across multiple projects under development. Internal research and development expenses are presented as one total. Our internal research and development costs are primarily personnel-related costs, stock-based compensation costs, and facility costs, including depreciation and lab consumables.

We incur significant external costs for manufacturing our product candidates and platforms and for clinical research organizations that conduct clinical trials on our behalf. We capture these external expenses for each product candidate in clinical development. Costs for our platforms with an associated product candidate in clinical development are typically allocated to our most clinically advanced product candidate based on that platform. In light of our decision to discontinue further clinical development of XMT-1592, a Dolasynthen ADC that had been in a Phase 1 dose exploration trial in patients with ovarian cancer and non-small cell lung cancer, in the second quarter of 2022, all costs associated with our Dolasynthen platform were prospectively re-allocated to XMT-1660, which is now our lead Dolasynthen-based product candidate, following such decision. All external research and development expenses not attributable to our product candidates in clinical development are captured within preclinical and discovery costs. These costs relate to our product candidates XMT-2068 and XMT-2175 and additional earlier discovery stage programs and certain unallocated costs. The following table summarizes our external research and development expenses, presented by program as described above, for each of the three and nine month periods ended September 30, 2023 March 31, 2024 and 2022. 2023.

	Three Months Ended September 30,	Nine Months Ended September 30,
	Three Months Ended March 31,	
	Three Months Ended March 31,	

(in thousands)	(in thousands)	Three Months Ended March 31, 2023	2022	2023	2022
UpRi external costs		$ 9,107	$ 23,999	$ 45,208	$ 48,023
(in thousands)					
(in thousands)					
XMT-1660 external costs					
XMT-1660 external costs					
XMT-1660 external costs	XMT-1660 external costs	4,342	4,158	11,241	10,879
XMT-2056 external costs	XMT-2056 external costs	635	2,334	4,614	2,334
XMT-2056 external costs					
XMT-2056 external costs					
UpRi external costs					
UpRi external costs					
UpRi external costs					
Preclinical and discovery costs					
Preclinical and discovery costs					
Preclinical and discovery costs	Preclinical and discovery costs	608	2,040	4,062	13,265
XMT-1592 external costs	XMT-1592 external costs	34	409	434	3,198
XMT-1592 external costs					
XMT-1592 external costs					
Internal research and development costs					
Internal research and development costs					
Internal research and development costs	Internal research and development costs	15,805	17,699	61,215	49,977
Total research and development costs	Total research and development costs	$ 30,531	$ 50,639	$ 126,774	$ 127,676
Total research and development costs					
Total research and development costs					

The successful development of our product candidates is highly uncertain. As such, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the remainder of the development of our product candidates. We are also unable to predict when, if ever, we will generate revenue from commercialization and sale of any of our product candidates that obtain regulatory approval. This is due to the numerous risks and uncertainties associated with developing drugs, including the uncertainty of:

- successful completion of preclinical studies and IND-enabling studies;
- successful enrollment in and completion of clinical trials;
- receipt of marketing approvals from applicable regulatory authorities;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our product candidates;
- commercializing the product candidates, if and when approved, whether alone or in collaboration with others; and
- continued acceptable safety profile of the drugs following approval.

A change in the outcome of any of these variables with respect to the development, manufacture or commercialization of any of our product candidates would significantly change the costs, timing and viability associated with the development of that product candidate.

For example, on July 27, 2023 we announced our decision to discontinue the clinical development of UpRi. Consequently, we will allocate have allocated resources previously dedicated to this program into our next-generation ADCs and platforms, Dolasynthen and Immunosynthen. We expect to incur significant research and development expenses over the next several years as we continue our clinical development and manufacturing of XMT-1660 and XMT-2056, advance our preclinical pipeline and invest in improvements in our ADC technologies.

General and administrative expenses

General and administrative expenses consist primarily of salaries and other employee-related costs, including stock-based compensation, for personnel in executive, finance, accounting, business development, legal operations, information technology and human resources functions. Other significant costs include facility costs not otherwise included in research and development expenses, legal fees relating to patent and corporate matters and fees for accounting and other consulting services.

We expect to incur significant general and administrative expenses over the next several years to support continued research and development activities, including increased costs related to fees to outside consultants and patent costs, among other expenses.

Restructuring expenses

Restructuring expenses consists primarily of severance and benefit payments, notice pay, outplacement services and contract termination costs. We estimate that we will incur at total of approximately $7 million in costs consisting of severance and benefit payments, notice pay, and outplacement services, and a total of approximately $2 million in costs related to contract terminations. During the three and nine months ended September 30, 2023, we recognized $8.2 million of such expenses. The Restructuring is expected to be substantially complete by the end of 2023.

Other income (expense)

Other income (expense) consists primarily of interest expense related to borrowings under our credit facility and associated amortization of the deferred financing costs and the accretion of debt discount. Interest income includes interest earned on cash equivalents and marketable securities.

Results of Operations

Comparison of the three months ended September 30, 2023 March 31, 2024 and 2022 2023

The following table summarizes our results of operations for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, together with the changes in those items:

	Three Months Ended September 30,			Three Months Ended March 31,		
(in thousands)	(in thousands)	2023	2022	Dollar Change	Dollar Change	
Collaboration revenue						
Collaboration revenue						
Collaboration revenue	Collaboration revenue	$ 7,698	$ 5,573	$ 2,125		
Operating expenses:	Operating expenses:					
Research and development	Research and development	30,531	50,639	(20,108)		
Research and development						
Research and development						
General and administrative	General and administrative	12,894	14,573	(1,679)		
Restructuring expenses		8,214	—	8,214		
Total operating expenses						
Total operating expenses						

Total operating expenses	Total operating expenses	51,639	65,212	(13,573)
Other income (expense):	Other income (expense):			
Interest income	Interest income	3,302	708	2,594
Interest income				
Interest income				
Interest expense	Interest expense	(1,017)	(880)	(137)
Total other income (expense), net		2,285	(172)	2,457
Total other income, net				
Net loss	Net loss	$(41,656)	$(59,811)	$ 18,155

Collaboration Revenue

Collaboration revenue increased by $2.1 million $1.4 million, from $5.6 million $7.8 million during the three months ended September 30, 2022 March 31, 2023 to $7.7 million $9.2 million during the three months ended September 30, 2023 March 31, 2024, primarily due to an increase over the prior year period of $2.3 $4.6 million in collaboration revenue recognized under the 2022 Merck KGaA Agreement. Johnson & Johnson Agreement partially offset by a decrease over the prior year period of $2.5 million in collaboration revenue recognized under the Asana Biosciences Agreement related to the achievement of a development milestone in 2023.

Research and Development Expense

Research and development expense decreased by $20.1 million $28.6 million, from $50.6 million $47.3 million for the three months ended September 30, 2022 March 31, 2023 to $30.5 million $18.7 million for the three months ended September 30, 2023 March 31, 2024.

The decrease in research and development expense was primarily attributable to the following:

- a decrease of $14.8 $16.0 million related to manufacturing and clinical development activities for UpRi;
- a decrease of $2.8 $6.2 million related to employee compensation (excluding stock-based compensation), primarily due to a reduction in headcount in connection with following the Restructuring; and
- a decrease of $1.8 $2.4 million related to manufacturing and clinical development activities for XMT-2056.

Stock-based compensation expense included in research and development expense decreased by $0.7 million, primarily as a result of a reduction in headcount in connection with the Restructuring.

General and Administrative Expense

General and administrative expense decreased by $1.7 million, from $14.6 million during the three months ended September 30, 2022 to $12.9 million during the three months ended September 30, 2023. The decrease in general and administrative expense was primarily attributable to a decrease of $0.8 million related to consulting and professional services and a decrease of $0.3 million related to employee compensation (excluding stock-based compensation) related to a reduction in headcount in connection with the Restructuring.

Stock-based compensation expense included in general and administrative expense decreased $0.6 million, also primarily a result of a reduction in headcount in connection with the Restructuring.

Total Other Income (Expense), net

Total other income (expense), net increased by $2.5 million from $(0.2) million during the three months ended September 30, 2022 to $2.3 million during the three months ended September 30, 2023. The increase to the net balance was primarily due to an increase in interest income earned on marketable securities.

Comparison of the nine months ended September 30, 2023 and 2022

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

	Nine Months Ended September 30,		
(in thousands)	**2023**	**2022**	**Dollar Change**
Collaboration revenue	$ 26,154	$ 11,893	$ 14,261
Operating expenses:			
Research and development	126,774	127,676	(902)
General and administrative	49,409	42,158	7,251
Restructuring expenses	8,214	—	8,214
Total operating expenses	184,397	169,834	14,563
Other income (expense):			
Interest income	9,142	1,017	8,125
Interest expense	(3,025)	(2,364)	(661)
Total other income (expense), net	6,117	(1,347)	7,464
Net loss	$ (152,126)	$ (159,288)	$ 7,162

Collaboration Revenue

Collaboration revenue increased by $14.3 million from $11.9 million during the nine months ended September 30, 2022 to $26.2 million during the nine months ended September 30, 2023, primarily due to increases of $7.9 million and $3.1 million in collaboration revenue recognized under the 2022 Merck KGaA Agreement and the Janssen Agreement, respectively.

Research and Development Expense

Research and development expense decreased by $0.9 million, from $127.7 million for the nine months ended September 30, 2022 to $126.8 million for the nine months ended September 30, 2023.

The decrease in research and development expense was primarily attributable to the following:

- a decrease of $3.1 million primarily related to manufacturing activities for XMT-1660 and the Dolasynthen platform;
- a decrease of $2.8 $2.0 million related to manufacturing consulting and clinical development activities for UpRi;
- decrease of $2.1 million related to non-refundable license payments under our third-party licensing agreements; professional services fees; and
- a decrease of $1.8 $1.9 million related to manufacturing and clinical development activities for XMT-2056.

These decreased costs were partially offset by an increase of $4.7 $0.9 million related to employee clinical development activities for XMT-1660.

Stock-based compensation (excluding stock-based compensation), expense included in research and development expense decreased by $0.8 million primarily due to an increase a reduction in headcount prior to following the Restructuring and an increase of $4.2 million related to consulting and professional fees.

Restructuring.

General and Administrative Expense

General and administrative expense increased decreased by $7.3 million $6.8 million, from $42.2 million $18.3 million during the nine three months ended September 30, 2022 March 31, 2023 to $49.4 million $11.6 million during the nine three months ended September 30, 2023 March 31, 2024. The increase decrease in general and administrative expense was primarily attributable due to an increase a decrease of $3.9 $4.5 million related to consulting and professional services fees and a decrease of $1.5 million related to employee compensation (excluding stock-based compensation) related to an increase as a result of a decrease in headcount prior to following the Restructuring and an increase of $2.9 million related to consulting and professional services. Restructuring.

Stock-based compensation increased $0.5 expense included in general and administrative expense decreased $0.9 million also primarily due to a result of increased reduction in headcount prior to following the Restructuring.

Total Other Income, (Expense), net

Total other income, (expense), net increased by $7.5 million from $(1.3) million was consistent at $1.7 million during the nine three months ended September 30, 2022 March 31, 2024 compared to $6.1 million $1.6 million during the nine three months ended September 30, 2023 March 31, 2023. The increase to the net balance was primarily due to an increase in interest income earned on marketable securities.

Liquidity and Capital Resources

Sources of Liquidity

We have financed our operations to date primarily through our strategic collaborations, private placements of our convertible preferred stock and public offerings of our common stock, including our initial public offering, our follow-on public offerings in 2019 and 2020 and our ATM equity offering programs.

In May 2020, February 2022, we established an ATM equity offering program, entered into a sales agreement, or the 2020 February 2022 ATM, pursuant to which we were able to offer and sell to the public through with Cowen and Company, LLC, or Cowen, as sales agent, up to $100.0 million of our common stock from time to time at prevailing market prices. During the nine months ended September 30, 2022, we sold approximately 11.7 million shares of common stock under the 2020 ATM, resulting in gross and net proceeds of $55.9 million and $54.8 million, respectively. As of September 30, 2022, there were no amounts remaining unsold and available for sale under the 2020 ATM.

In February 2022, we entered into a new sales agreement, or the February 2022 ATM, with Cowen, as sales agent, under which we are were able to offer and sell to the public through Cowen up to $100.0 million of our common stock from time to time at prevailing market prices. During the nine three months ended September 30, 2022, we sold approximately 12.7 million shares of common stock under the February 2022 ATM, resulting in gross and net proceeds of $57.6 million and $56.5 million, respectively. During the nine months ended September 30, 2023 March 31, 2023, we sold approximately 0.3 million shares of common stock under the February 2022 ATM, resulting in gross and net proceeds of $1.6 million. As of September 30, 2023 March 31, 2023, there were no amounts remaining unsold and available for sale under the February 2022 ATM.

In November 2022, we entered into an additional sales agreement, or the November 2022 ATM, with Cowen, as sales agent, under which we are able to offer and sell to the public through Cowen up to $150.0 million of our common stock from time to time at prevailing market prices. During the nine three months ended September 30, 2023 March 31, 2023, we sold approximately 14.2 million 3.3 million shares of common stock under the November 2022 ATM, resulting in gross and net proceeds of $94.1 million $20.7 million and $92.2 million $20.2 million, respectively. During the three months ended March 31, 2024, we sold approximately 1.0 million shares of common stock under the November 2022 ATM, resulting in gross and net proceeds of $6.0 million and $5.8 million, respectively. Approximately $55.9 million $50.0 million remained unsold and available for sale under the November 2022 ATM as of September 30, 2023 March 31, 2024.

On May 8, 2019, In February 2024, we entered into a loan and security an additional sales agreement, or the Prior Credit Facility, February 2024 ATM, with Silicon Valley Bank, or former SVB, Cowen, as sales agent, under which was subsequently amended on June 29, 2019 we are able to offer and sell to the public through Cowen up to $100.0 million of our common stock from time to time at prevailing market prices. We did not sell any shares of common stock pursuant to the February 2024 ATM during the three months ended March 31, 2024, August 28, 2020 and August 27, 2021 $100.0 million remained unsold and available for sale under the February 2024 ATM as of March 31, 2024.

On October 29, 2021, we entered into a loan and security agreement or the New Credit Facility, with Oxford Finance LLC as the collateral agent and a lender, Silicon Valley Bank, or former SVB, as a lender, and the other lenders from time to time a party thereto, or together collectively the Lenders. In March 2023, Silicon Valley Bridge Bank, N.A., or SVBB, as successor in interest to former SVB, replaced former SVB as a Lender, and then Silicon Valley Bank, a division of First-Citizens Bank & Trust Company, or SVB, which assumed all deposits and loans of SVBB, subsequently replaced SVBB as a lender. we refer to this loan and security agreement, as amended on February 17, 2022, October 17, 2022, December 27, 2022 and March 23, 2023, as the New Credit Facility. As of September 30, 2023 March 31, 2024, we have borrowed $25.0 million under the New Credit Facility, as amended on February 17, 2022, October 17, 2022, December 27, 2022 and March 23, 2023, and no additional borrowing amounts are available to us under the New

Credit Facility, as amended Facility. We are obligated to date. make interest-only payments through November 1, 2024, followed by equal monthly principal payments and applicable interest through the maturity date of October 1, 2026. The New Credit Facility is secured by substantially all of our personal property owned or later acquired, excluding intellectual property (but including the right to payments and proceeds of intellectual property), and a negative pledge on intellectual property, which ensures that the Lenders' rights to repayment would be senior to the rights of the holders of our common stock in the event of liquidation. Upon entering into the New Credit Facility, we terminated all commitments by former SVB to extend further credit under the Prior Credit Facility and all guarantees and security interests granted by us to former SVB under the Prior Credit Facility.

As of September 30, 2023 March 31, 2024, we had cash, cash equivalents and marketable securities of $241.0 million $183.1 million. In addition to our existing cash, cash equivalents and marketable securities, we are eligible to earn milestone and other payments under our ongoing collaboration agreements with GSK, Janssen, Johnson & Johnson and Merck KGaA and its affiliate MRKDG and Asana Biosciences. KGaA. Our ability to earn the milestone payments and the timing of earning these amounts are dependent upon the timing and outcome of our development, regulatory and commercial activities and, as such, are uncertain at this time.

Cash Flows

The following table provides information regarding our cash flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Nine Months Ended September 30,	
(in thousands)	**2023**	**2022**
Net cash (used in) provided by operating activities	$ (136,920)	$ 1,866
Net cash provided by (used in) investing activities	99,735	(107,290)
Net cash provided by financing activities	94,583	111,559
Increase in cash, cash equivalents and restricted cash	$ 57,398	$ 6,135

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Net cash used in operating activities	$ (32,657)	$ (29,005)
Net cash (used in) provided by investing activities	(72,547)	1,396
Net cash provided by financing activities	5,829	21,549
Decrease in cash, cash equivalents and restricted cash	$ (99,375)	$ (6,060)

Net Cash Provided by (Used in) Used in Operating Activities

Net cash used in operating activities was $136.9 million $32.7 million during the nine three months ended September 30, 2023 March 31, 2024 and primarily consisted of a net loss of $152.1 million $19.3 million, adjusted for changes in our net working capital, deferred revenue related to our collaboration agreements, and other non-cash items, including stock-based compensation of $17.1 million $4.7

million and net amortization of premiums and discounts on marketable securities of $4.2 million $1.1 million. Net cash provided by used in operating activities was $1.9 million for $29.0 million during the nine three months ended September 30, 2022 March 31, 2023 and primarily consisted of a net loss of $159.3 million, $56.2 million adjusted for changes in our net working capital, $128.4 million in deferred revenue related to the GSK Agreement and Janssen Agreement, our collaboration agreements, and other non-cash items including stock-based compensation expense of $16.2 million $6.4 million and depreciation net amortization of $0.6 million premiums and discounts on marketable securities of $1.4 million.

Net Cash (Used in) Provided by (Used in) Investing Activities

Net cash used in investing activities was $72.5 million during the three months ended March 31, 2024 as compared to net cash provided by investing activities was $99.7 million of $1.4 million during the nine three months ended September 30, 2023 as compared to March 31, 2023. During the three months ended March 31, 2024, net cash used in investing activities consisted primarily of $107.3 million during purchases of marketable securities, partially offset by maturities of marketable securities. During the nine three months ended September 30, 2022. During the nine months ended September 30, 2023 March 31, 2023, net cash provided by investing activities consisted primarily of maturities of marketable securities, partially offset by purchases of marketable securities. During the nine months ended September 30, 2022, net cash used in investing activities consisted primarily of purchases of marketable securities, partially offset by maturities of marketable securities.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was $94.6 million $5.8 million during the nine three months ended September 30, 2023 March 31, 2024 as compared to $111.6 million $21.5 million during the nine three months ended September 30, 2022 March 31, 2023. During the nine three months ended September 30, 2023 March 31, 2024, net cash provided by financing activities consisted primarily of proceeds from sales of shares of common stock under our November 2022 ATM of $5.8 million. During the three months ended March 31, 2023, net cash provided by financing activities consisted primarily of proceeds from sales of common stock under our February 2022 ATM and November 2022 ATM of $93.5 million. During the nine months ended September 30, 2022, net cash provided by financing activities consisted primarily of proceeds from the use of our 2020 ATM and February 2022 ATM of $111.0 million $21.7 million.

Funding Requirements

We expect our cash expenditures to increase in connection with our ongoing activities, particularly as we continue the research and development and manufacturing of, initiate clinical trials of and seek marketing approval for our product candidates. In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to drug sales, marketing, manufacturing and distribution to the extent that such sales, marketing and distribution are not the responsibility of potential collaborators.

As of September 30, 2023 March 31, 2024, we had cash, cash equivalents and marketable securities of $241.0 million $183.1 million. We believe our currently available funds will be sufficient to fund our current operating plan commitments into 2026. Our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors. We have based this estimate on

assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. Our future capital requirements will depend on many factors, including:

- the scope, progress, results and costs of drug discovery, preclinical development, laboratory testing and clinical trials for our product candidates;
- the scope, prioritization and number of our research and development programs;
- the costs, timing and outcome of regulatory review of our product candidates;
- our ability to establish and maintain collaborations on favorable terms, if at all;
- the achievement of milestones or occurrence of other developments that trigger payments under any collaboration agreements we obtain;
- the extent to which we are obligated to reimburse, or entitled to reimbursement of, clinical trial costs under future collaboration agreements, if any;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- the extent to which we acquire or in-license other product candidates and technologies;
- the costs of securing manufacturing arrangements for clinical and commercial production; and
- the costs of establishing or contracting for sales and marketing capabilities if we obtain regulatory approvals to market our product candidates.

Identifying potential product candidates and conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes many years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve drug sales. In addition, our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of drugs that we do not expect to be commercially available for many years, if at all. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. Adequate additional financing may not be available to us on acceptable terms, or at all.

Until such time, if ever, as that we can generate substantial product revenues, we expect to finance our cash needs through a combination of strategic collaborations, licensing arrangements, equity offerings and debt financings. We have the potential to earn cash milestone payments in connection with our ongoing agreements with GSK, Janssen, Johnson & Johnson and Merck KGaA, and its affiliate MRKDG and Asana BioSciences, if research and development activities are successful under our collaborations with those parties. If we raise funds through additional strategic collaborations or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our drug development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interests of our common stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Future additional debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

Contractual Obligations

There During the three months ended March 31, 2024, there were no material changes to our contractual obligations as reported in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, which was filed with the SEC on February 28, 2023 February 28, 2024.

Critical Accounting Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities in our financial statements. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. On an ongoing basis, we evaluate our judgments and estimates in light of changes in circumstances, facts and experience. The effects of material revisions in estimates, if any, will be reflected in the financial statements prospectively from the date of change in estimates. There During the three months ended March 31, 2024, there were no material changes to our critical accounting estimates as reported under the heading “Critical Accounting Policies and Significant Judgements and Estimates” in Part II, Item 7. Management’s Discussion and Analysis of Financial Conditions and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, which was filed with the SEC on February 28, 2023 February 28, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risks

We are exposed to market risk related to changes in interest rates. As of September 30, 2023 March 31, 2024, we had cash, cash equivalents and marketable securities of $241.0 million $183.1 million. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because our investments, including cash equivalents and marketable securities are invested in U.S. Treasury obligations, commercial paper, corporate bonds and U.S. government agency securities. However, we believe that due to the short-term duration of our investment portfolio and low-risk profile of our investments, an immediate 100 basis points change in the prime rate would not have a material effect on the fair market value of our investments portfolio.

The interest rate on our New Credit Facility is sensitive to changes in interest rates. Interest accrues on borrowings under the credit facility at a floating rate equal to the greater of (i) 8.50% and (ii) the prime rate plus 5.25%. We do not currently engage in any hedging activities against changes in interest rates. As of September 30, 2023 March 31, 2024, there was $25.0 million outstanding under the New Credit Facility, and a potential change in the associated interest rates would likely be immaterial to the results of our operations.

Foreign Currency Exchange Rate Risks

We are currently As of March 31, 2024, we were not exposed to market risk related to changes in foreign currency exchange rates, but we may contract with vendors that are located in Asia and Europe and may be subject to fluctuations in foreign currency rates at that time.

Item 4. Controls and Procedures

Management's Evaluation of our Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2023 March 31, 2024, the end of the period covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of such date.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended September 30, 2023 March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become subject to various legal proceedings and claims that arise in the ordinary course of our business activities. Regardless of outcome, litigation can have an adverse impact on our business, financial condition, results of operations and prospects because of defense and settlement costs, diversion of management resources and other factors. We are not currently party to any material legal proceedings. Additionally, although the results of litigation and claims cannot be predicted with certainty, as of the date of this Quarterly Report on Form 10-Q, we do not believe we are party to any claim or litigation, the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our business.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described below. The following information about these risks and uncertainties, together with the other information appearing elsewhere in this Quarterly Report on Form 10-Q, and our 2022 2023 Annual Report on Form 10-K, filed with the Securities and Exchange Commission, or SEC, on February 28, 2023 February 28, 2024, including our consolidated financial statements and related notes thereto, should be carefully considered before making any decision to invest in our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business or cause our actual results to differ materially from those contained in forward-looking statements we have made in this report and those we may make from time to time. If any of the following risks occur, our business, financial condition, results of operations and future growth prospects could be materially and adversely affected. We cannot provide assurance that any of the events discussed below will not occur.

Risks Related to Development and Approval of Our Antibody-Drug Conjugate, or ADC, Product Candidates

We are currently evaluating a limited number of ADC product candidates in clinical trials. A failure of any of our product candidates in clinical development would adversely affect our business and may require us to discontinue development of other ADC product candidates based on the same technology.

XMT-1660 and XMT-2056 are currently our only product candidates being evaluated in clinical trials. Following our announcement in July 2023 that the data in our UPLIFT clinical single-arm registrational trial of evaluating our former lead product candidate, upifitamab rilsodotin, or UpRi, in patients with platinum-resistant ovarian cancer, which we refer to as UPLIFT, did not meet its primary endpoint, we announced wound down our plans to wind-down UpRi-related development activities, and we have terminated our Phase 1 combination trial exploring the combination of UpRi with carboplatin, a standard platinum chemotherapy broadly used in the treatment of platinum-sensitive ovarian cancer, which we refer to as UPGRADE-A, and UP-NEXT our Phase 3 clinical trials trial of UpRi. UpRi as a monotherapy maintenance treatment following treatment with platinum doublets in recurrent platinum-sensitive ovarian cancer, which we refer to as UP-NEXT. Additionally, our clinical trial of XMT-2056 was placed on clinical hold by the U.S. Food and Drug Administration, or FDA, between March 2023 and October 2023 and has not yet resumed. 2023. This trial is now actively recruiting patients. While we have certain other preclinical programs in development, it will take additional investment and time, and regulatory clearance, for such programs to reach the clinical stage of development. In addition, we have other product candidates in our current pipeline that are based on the same platforms as XMT-1660 and XMT-2056. If a product candidate fails in development as a result of any underlying problem with our platforms, then we may be required to discontinue development of the product candidates that are based on the same technologies. If we were required to discontinue development of XMT-1660 or XMT-2056 or of any other current or future product candidate, or if XMT-1660 or XMT-2056 or any other current or future product candidate were to fail to receive regulatory approval or were to fail to achieve sufficient market acceptance, we could be prevented from or significantly delayed in achieving profitability.

Failure of a discovery program or product candidate may occur at any stage of preclinical or clinical development, and, because our and our collaborators' discovery programs and our product candidates are in early stages of preclinical or clinical development, there is a high risk of failure. We or our collaborators may never succeed in obtaining regulatory approval and generating revenue from such discovery programs or product candidates.

We are in the early stages our clinical development efforts of our lead product candidates. We are conducting Phase 1 clinical trials of XMT-1660 and XMT-2056 and have not yet completed a clinical trial for either of these product candidates. Our ability to generate product revenues, which we do not expect will occur for many years, if ever, will depend heavily on the successful development, marketing approval and eventual commercialization of our product candidates, which may never occur. The results from our preclinical studies of XMT-1660 and XMT-2056 and the early results from preclinical studies or early clinical trials of any other current or future product candidates are not necessarily predictive of the results from our ongoing or future discovery programs, preclinical studies or clinical trials. Promising results in preclinical studies and early encouraging clinical results of a drug candidate may not be predictive of similar results in later-stage preclinical studies or in humans during clinical trials. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in clinical trials after achieving positive results in earlier stages of clinical development, and we have faced and may again face similar setbacks. For instance, in July 2023, we announced that our UPLIFT Phase 2 clinical trial of UpRi did not meet its primary efficacy endpoint, despite promising efficacy data from our Phase 1b clinical trial of UpRi. Other companies' setbacks have been caused by, among other things, preclinical findings made while clinical trials were underway or safety or efficacy events in preclinical or clinical trials, including previously unreported adverse events. We similarly have identified new safety signals as our clinical trials have advanced, such as our assessment that serious bleeding events appear to occur in patients who received UpRi at a higher rate than background, which assessment led us to submit an aggregate data safety report to the FDA in June 2023.

Similarly, the design of a clinical trial can determine whether its results will support approval of a product, and flaws in the design of a clinical trial may not become apparent until the clinical trial is well advanced. In March 2023, we announced that the FDA had issued a clinical hold on our Phase 1 trial of XMT-2056 following our communication to the FDA that we were voluntarily suspending the trial due to a Grade 5 (fatal) serious adverse event, or SAE, that was deemed to be related to XMT-2056. The SAE occurred in the second patient who had been enrolled at the initial dose level in the dose escalation portion of the Phase 1 clinical trial. On October 31, 2023, we announced that the FDA had lifted the clinical hold and that we had lowered the starting dose in our Phase 1 dose escalation design. design, and this trial is now actively recruiting patients.

Any clinical trials that we may conduct may not demonstrate the efficacy and safety necessary to obtain regulatory approval to market our product candidates. In addition, clinical trial results for one of our product candidates, or for competitor products utilizing similar technology, may raise concerns about the safety or efficacy of other product candidates in our pipeline. If the results of our ongoing or future clinical trials are inconclusive with respect to the efficacy of our product candidates, if we do not meet the clinical endpoints with statistical significance or if there are safety concerns or adverse events associated with our product candidates, we may be prevented from or delayed in obtaining marketing approval for our product candidates. For example, in July 2023, we decided to wind down future development of UpRi after our UPLIFT clinical trial failed to meet its primary endpoint, and in June 2023, following our submission to the FDA of an aggregate safety analysis across all of our clinical trials of UpRi reporting our assessment that serious bleeding events appear to occur at a higher rate than background, the FDA placed a partial clinical hold on our UPGRADE-A and UP-NEXT clinical trials. trials, and in July 2023, we decided to wind down future development of UpRi, including our UP-NEXT and UPGRADE-A clinical trials, after our UPLIFT clinical trial failed to meet its primary endpoint. Additionally, a patient in our Phase 1 clinical trial of XMT-2056 suffered a Grade 5 SAE, resulting in the clinical hold placed on the trial by the FDA between March 2023 and October 2023. We expect that certain patients in our ongoing clinical trials of XMT-1660 and XMT-2056 and in future clinical trials will experience adverse events, including those that may result in death, as our product candidates progress through clinical development.

There can be significant variability in safety or efficacy results between different clinical trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the dosing regimen and other clinical trial protocols and the rate of dropout among clinical trial participants. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain FDA approval. Even if we or our collaborators believe that the results of clinical trials of our product candidates warrant marketing approval, the FDA or comparable foreign regulatory authorities may disagree and may not grant marketing approval of our product candidates.

Alternatively, even if we obtain regulatory approval, that approval may be for indications or patient populations that are not as broad as intended or desired or may require labeling that includes significant use or distribution restrictions or safety warnings. We may also be required to perform additional or unanticipated clinical trials to obtain approval or be subject to additional post-marketing testing requirements to maintain regulatory approval. In addition, regulatory authorities may withdraw their approval of a product or impose restrictions on its distribution, such as in the form of a risk evaluation and mitigation strategy, or REMS, program. The failure to obtain timely regulatory approval of product candidates, any product marketing limitations or a product withdrawal would negatively impact our business, results of operations and financial condition.

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

From time to time, we may announce or publish preliminary, interim or top-line data from our clinical trials. Positive preliminary data may not be predictive of such trial's subsequent or overall results. Interim data from clinical trials that we may complete do not necessarily predict final results and are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Preliminary or top-line data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary or top-line data we may publish. For example, we have reported top-line We plan to disclose initial data from our Phase 2 UPLIFT 1 clinical trial of UpRi, XMT-1660 in the second half of 2024, but we have not yet reported full those data may be materially different from final data from in the trial. As a result, preliminary, interim and top-line data should be viewed with caution until the final data are available. Adverse differences between preliminary or interim data and final data could significantly harm our business prospects.

Events that may delay or prevent successful commencement, enrollment or completion of clinical trials of our product candidates could result in increased costs to us as well as a delay in obtaining, or failure to obtain, regulatory approval, or cause us to suspend or terminate a clinical trial, which could prevent us from commercializing our product candidates on a timely basis, or at all.

We cannot guarantee that clinical trials, including our ongoing and any future additional clinical trials of XMT-1660, XMT-2056 or any of our other current or future product candidates, will be conducted as planned or completed on schedule, if at all. A failure of one or more clinical trials can occur at any stage of testing, and other events may cause us to temporarily or permanently cease a clinical trial. Events that may prevent successful or timely commencement, enrollment or completion of clinical development include, among others:

- delays in reaching a consensus with regulatory agencies on trial design;
- delays in reaching, or failing to reach, agreement on acceptable terms with prospective clinical research organizations, or CROs, site management organizations, or SMOs, and clinical trial sites;
- difficulties in obtaining required Institutional Review Board, or IRB, or Ethics Committee, or EC, approval at each clinical trial site;
- challenges in recruiting and enrolling suitable patients to participate in clinical trials that meet the criteria of the protocol for the clinical trial;
- imposition of a clinical hold by regulatory agencies, IRBs or ECs for any reason, including safety concerns or after an inspection of clinical operations or trial sites;
- delays in necessary screenings caused by third parties with which we or any of our vendors or suppliers contract;
- failure by CROs, SMOs, other third parties or us to adhere to clinical trial requirements;
- failure to perform in accordance with the FDA's good clinical practices, or GCP, or applicable regulatory guidelines in other countries;
- inadequate quantity or quality of a product candidate or other materials necessary to conduct clinical trials, including, for example, delays in the testing, validation, manufacturing or delivery of the product candidates to the clinical sites;
- patients not completing participation in a trial or not returning for post-treatment follow-up;
- expected or unexpected safety issues, including occurrence of SAEs, associated with any product candidate in clinical trials that are viewed as outweighing the product candidate's potential benefits or reports that may arise from preclinical or clinical testing of other similar cancer therapies that raise safety or efficacy concerns about our product candidates;
- changes in regulatory requirements or guidance that require amending or submitting new clinical protocols or submitting additional data;
- lack of adequate funding to continue one or more clinical trials; or
- geopolitical or other events, including the the ongoing conflict between Russia and Ukraine and the war between Israel and Hamas, the Palestinian group that controls the Gaza Strip, that unexpectedly disrupt, delay or generally interfere in regional or worldwide operations of our clinical trial sites, CROs, SMOs or other operations applicable to the conduct of relevant development activities.

Delays, including delays caused by the above factors, can be costly and could negatively affect our ability to commence, enroll or complete our current and anticipated clinical trials. In June 2023, we announced that our UP-NEXT and UPGRADE-A clinical trials of UpRi had been placed on partial clinical hold by the FDA following submission to the FDA of an aggregate safety analysis across all of our clinical trials of UpRi reporting our assessment that serious bleeding events appear to occur at a higher rate than background. In July 2023, following our announcement that the data in our UPLIFT clinical trial of UpRi did not meet its primary endpoint and our plans to wind-down UpRi-related development activities, we terminated our UPGRADE-A and UP-NEXT clinical trials of UpRi. Additionally, in March 2023, we announced that our Phase 1 clinical trial of XMT-2056 had been placed on clinical hold by the FDA following a Grade 5 SAE. The FDA lifted this clinical hold in October 2023, and we have re-opened clinical sites and are working to resume enrollment in actively recruiting patients for this clinical trial, but no patients are currently enrolled.. trial. If we or our collaborators are not able to successfully complete clinical trials, we or they will not be able to obtain regulatory approval and will not be able to commercialize our product candidates or our collaborators' product candidates based on our technology.

An inability to enroll sufficient numbers of patients in our clinical trials could result in increased costs and longer development periods for our product candidates.

Clinical trials require sufficient patient enrollment, which is a function of many factors, including:

- the size and nature of the patient population;
- the severity of the disease under investigation;
- the nature and complexity of the trial protocol, including eligibility criteria for the trial;
- the design of the trial;
- the number of clinical trial sites and the proximity of patients to those sites;
- the standard of care in the diseases under investigation;
- the ability and commitment of clinical investigators to identify eligible patients;
- clinicians' and patients' perceptions of the potential advantages and risks of the drug being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating; and
- the risk that patients enrolled in clinical trials will drop out of the trials before completion or, because they are late-stage cancer patients, that they will not survive the full terms of the clinical trials; and
- the ability of our clinical trial sites to continue key activities, such as clinical trial site data monitoring and patient visits, due to factors related to the ongoing COVID-19 pandemic or other worldwide events. trials.

In addition, our clinical trials will compete with other clinical trials for product candidates that are in the same therapeutic areas as our current and future product candidates. This competition will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our trials may instead opt to enroll in a trial conducted by one of our competitors. Since the number of qualified clinical investigators is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such sites. Moreover, because certain of our current and future product candidates, including those based on our Immunosynthen stimulator of interferon genes-, or STING-, agonist platform, represent a departure from innovations over more commonly used methods for cancer treatment, including other approved ADC medicines, potential patients and their doctors may be inclined to use conventional oncology therapies such as chemotherapy, or other approved ADC medicines, rather than enroll patients in our ongoing or any future clinical trials.

Challenges in recruiting and enrolling suitable patients to participate in clinical trials that meet the criteria of the protocol could increase costs and result in delays to our current development plans for XMT-1660, XMT-2056 or any other current or future product candidate.

Our product candidates or ADCs developed or commercialized by our competitors may cause undesirable or unexpectedly severe side effects or have other properties that halt their clinical development, could delay or prevent their regulatory approval, limit the commercial profile of our product candidates an approved label, or limit their commercial potential. result in significant negative consequences following marketing approval, if any.

Undesirable or unexpectedly severe side effects caused by our product candidates could cause us to interrupt, delay or ADCs being developed halt preclinical studies or commercialized by our collaborators or competitors could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or comparable foreign regulatory authorities. It is likely that, as is the case with many treatments for the serious diseases for which we are developing our product candidates, there may be side effects associated with the use of our product candidates, including severe treatment-related adverse events, or TRAEs, including death. Results of our trials could reveal a high and unacceptable severity and prevalence of these or other side effects. In such an event, our trials could be suspended or terminated and the FDA or comparable foreign regulatory authorities and could order us to cease further development of or deny approval of our product candidates for any or all targeted indications. TRAEs could also affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Further, clinical trials by their nature utilize a sample Any of the potential patient population. With a limited number of subjects and limited duration of exposure, rare and severe side effects of our product candidates or those of our competitors these occurrences may only be uncovered with a significantly larger number of patients exposed to the drug. SAEs, including death, deemed to be caused by our product candidates or those of our competitors, either before or after receipt of marketing approval, could have a material adverse effect on the development of our product candidates and harm our business, as a whole. financial condition and prospects significantly.

Patients

For example, patients in our clinical trials of UpRi, for which we discontinued development in 2023 and which was developed using our Dolaflexin platform, experienced SAEs, severe TRAEs including, without limitation, death, pneumonitis, renal impairment, abdominal pain, hemorrhage, aspartate aminotransferase, or AST, elevation, nausea, platelet count decrease (including thrombocytopenia), fatigue, anemia, pyrexia, alanine aminotransferase, or ALT, elevation, blood alkaline phosphatase/lactate dehydrogenase, or ALP/LDH, increase, proteinuria, vomiting, sepsis, pyrexia asthenia, diarrhea, headache, peripheral neuropathy, neutropenia and serious bleeding events. For instance, pneumonitis. Also, patients in June 2023, following our submission to the FDA of an aggregate safety analysis across all of our clinical trials trial of UpRi reporting XMT-1592, for which we discontinued development in May 2022 and which was developed using our assessment that serious bleeding events appear to occur at a higher rate than background, the FDA placed a partial clinical hold on our UPGRADE-A Dolasynthen platform, also experienced severe TRAEs of anemia and UP-NEXT clinical trials of UpRi. pneumonitis. Additionally, our Phase 1 clinical trial of XMT-2056, which was developed using our Immunosynthen platform, was placed on clinical hold by the FDA from March 2023 to October 2023 following a Grade 5 SAE.

We expect that as are also conducting a Phase 1 clinical trial of XMT-1660, which was developed using our Dolasynthen platform. Because our product candidates progress through clinical development, certain patients in our ongoing share some but not all platform technologies, payloads and future trials will experience SAEs, targets, we may find it difficult to predict or assess whether safety events reported for any one product candidate are related to such shared attributes. We may observe undesirable side effects, including severe TRAEs, including those that may result in death, or other SAEs or potential safety issues in nonclinical studies or in clinical trials at any stage of development of our product candidates, including XMT-1660 and those that XMT-2056. Any such severe TRAEs, SAEs or other potential safety issues may be similar to or in addition to other severe TRAEs, SAEs or other safety issues we have previously observed. These observed in our clinical trials of UpRi, XMT-1592 or any other product candidate.

Additionally, we and our clinical trial investigators currently determine if serious adverse or undesirable side effects are drug-related. The FDA or comparable regulatory authorities may disagree with our or our clinical trial investigators' interpretation of data from clinical trials and the conclusion by us or our clinical trial investigators that an SAE or undesirable side effect was not drug-related. The FDA or comparable regulatory authorities may require more information related to the safety of our product candidates, including additional preclinical or clinical data to support approval, which may cause us to incur additional expenses, delay or prevent the approval of one of our product candidates, and/or delay or cause us to change our commercialization plans, or we may decide to abandon the development of the product candidate altogether.

Further, by design, clinical trials rely on a sample of the potential patient population. With a limited number of patients and limited duration of exposure, rare and severe side effects of our product candidates may only be uncovered when a significantly larger number of patients is exposed to the product candidate. If our product candidates receive marketing approval and we or others identify undesirable side effects caused by our such product candidates or those of our competitors, either before or after receipt of marketing such approval, could result in a number of potentially significant negative consequences including:

- our clinical trials may be put on hold;
- treatment-related side effects could affect patient recruitment for our clinical trials;
- we may be unable to obtain regulatory approval for our product candidates;
- regulatory authorities may withdraw or limit their approvals of our product candidates;result, including:
- regulatory authorities may require the addition of labeling statements, such as a contraindication, black box warnings "black box" warning or additional warnings;
- the FDA may require development of a REMS with Elements to Assure Safe Use as a condition of approval or post-approval; contraindication;
- we may decide be required to remove create a medication guide outlining the risks of such side effects for distribution to patients;
- regulatory authorities may require a REMS plan to mitigate risks, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools;
- we may be required to change the way such product candidates from are distributed or administered, conduct additional clinical trials or change the marketplace; labeling of the product candidates;

- we may be subject to regulatory investigations and government enforcement actions;
- regulatory authorities may withdraw or limit their approval of such product candidates;
- we may decide to remove such product candidates from the marketplace;

- we could be sued and held liable for harm injury caused to patients; individuals exposed to or taking our product candidates; and
- our reputation we may suffer. suffer reputational harm.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular product candidate, if approved, and could significantly harm our business, results of operations and prospects.

Similarly, undesirable or severe side effects of ADCs developed or commercialized by our collaborators or competitors could cause the FDA or comparable regulatory authorities to take actions that would materially and adversely affect our ability to conduct clinical trials of our product candidates and could substantially increase commercialization costs. or, if any are approved for marketing, to commercialize such product candidates.

We may choose not to develop a potential product candidate, or we may suspend or terminate one or more discovery or preclinical programs or product candidates.

At any time and for any reason, we may determine that one or more of our discovery programs, preclinical programs or product candidates does not have sufficient potential to warrant the allocation of resources toward such program or product candidate. Furthermore, because we have limited financial and personnel resources, we have placed significant focus on the development of a limited number of product candidates, including XMT-1660 and XMT-2056 and historically including UpRi and XMT-1592. Accordingly, we may choose not to develop a product candidate or elect to suspend or terminate one or more of our discovery or preclinical programs. If we suspend or terminate a program or product candidate in which we have invested significant resources, we will have expended resources on a program or product candidate that will not provide a full return on our investment. For example, in July 2023, we announced our decision to discontinue further development of UpRi based on the failure of our Phase 2 UPLIFT clinical trial to meet its primary endpoint. Additionally, in May 2022, we decided to discontinue development of XMT-1592 based in part on the lower prevalence of the NaPi2b biomarker in non-small cell lung cancer, or NSCLC, and the increasingly competitive nature of such indication. We may also cease developing a product candidate for a particular indication. For example, in November 2021, we determined to cease developing UpRi as a single agent in patients with NSCLC and determined to focus development on patients with ovarian cancer. As a result, we may have missed an opportunity to have allocated the resources originally used to develop UpRi and XMT-1592 to potentially more productive uses, including existing or future programs or product candidates. If we do not accurately evaluate the commercial potential or target market for a particular future product candidate, we may relinquish valuable rights to future product candidates through collaboration, licensing or other royalty arrangements.

We or our collaborators may fail to discover and develop additional potential product candidates.

Our and our collaborators' research programs to identify new product candidates will require substantial technical, financial and human resources, and we or our collaborators may be unsuccessful in our or their efforts to identify new product candidates. If we or our collaborators are unable to identify suitable additional product candidates for preclinical and clinical development, our or their ability to develop product candidates and our ability to obtain revenues from commercializing our products or to receive royalties from our collaborators' sales of their products in future periods could be compromised, which could result in significant harm to our financial position and adversely impact our stock price.

Risks Related to our Financial Position and Need for Additional Capital

We will require substantial additional financing to achieve our goals, and a failure to obtain this necessary capital when needed could force us to delay, limit, reduce or terminate our product development or future commercialization efforts.

Our cash, cash equivalents and marketable securities were $183.1 million as of March 31, 2024. We have utilized substantial amounts of cash since our inception and expect that we will continue to expend substantial resources for the foreseeable future developing XMT-1660, XMT-2056 and any other current or future product candidates. These expenditures may include costs associated with research and development, conducting preclinical studies and clinical trials, potentially obtaining regulatory approvals and manufacturing products, as well as marketing and selling products approved for sale, if any, and potentially acquiring new technologies. In addition, other unanticipated costs may arise. Because the outcome of our planned and anticipated clinical trials is highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the development and commercialization of our product candidates. Our costs will increase if we experience any delays in our clinical trials for any current or future product candidates, including delays in enrollment of patients. We may also incur costs associated with operating as a public company, hiring additional personnel and expanding our facilities in the future.

Our future capital requirements depend on many factors, including:

- the scope, progress, results and costs of researching and developing XMT-1660, XMT-2056 and any other current or future product candidates and conducting preclinical studies and clinical trials;
- the cost of manufacturing XMT-1660, XMT-2056 and any other current or future product candidates for clinical trials in preparation for regulatory approval and in preparation for commercialization;
- the timing of, and the costs involved in, obtaining regulatory approvals for XMT-1660, XMT-2056 and any other current or future product candidates if preclinical studies and clinical trials are successful;
- the cost of commercialization activities for XMT-1660, XMT-2056 and any other current or future product candidates, if any product candidates are approved for sale, including manufacturing, marketing, sales and distribution costs;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of such agreements;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, including litigation costs and the outcome of any such litigation;
- the timing, receipt and amount of sales of, or royalties on, our future products, if any, or products developed by our collaborators;
- the emergence of competing cancer therapies and other adverse market developments; and

- the requirement for or the cost of developing any companion diagnostics and/or complementary diagnostics.

We believe that our current cash, cash equivalents and marketable securities will be sufficient to fund our current operating plan commitments into 2026. However, we have based these estimates on assumptions that may prove to be wrong, Our operating plan may change as a result of many factors currently unknown to us, and we may need additional funds sooner than planned. Additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate preclinical studies, clinical trials or other development activities for one or more of our product candidates or delay, limit, reduce or terminate our future establishment of sales and marketing capabilities or other activities that may be necessary to commercialize our product candidates. Even if we believe we have sufficient funds for our current or future operating plans, we may seek additional capital due to favorable market conditions or strategic considerations.

We have incurred net losses since our inception, we have no products approved for commercial sale and we anticipate that we will continue to incur substantial operating losses for at least the next several years. We may never achieve or sustain profitability.

We have incurred net losses since our inception. Our net loss was $41.7 million $19.3 million for the three months ended September 30, 2023 March 31, 2024. As of September 30, 2023 March 31, 2024, we had an accumulated deficit of $806.8 million $845.7 million. Our losses have resulted principally from costs incurred in our discovery and development activities. Our net losses may fluctuate significantly from quarter to quarter and year to year. To date, we have not commercialized any products or generated any revenues from the sale of products, and we do not expect to generate any product revenues for the foreseeable future. Absent the realization of sufficient revenues from product sales, we may never achieve profitability in the future.

We have devoted most of our financial resources to research and development, including our clinical and preclinical development activities. To date, we have financed our operations primarily with the proceeds from our strategic collaborations, private placements of our preferred stock and public offerings of our common stock, including our initial public offering, our follow-on public offerings in 2019 and 2020 and our at-the-market, or ATM, equity offering programs. The amount of our future net losses will depend, in part, on the rate of our future expenditures. We have not completed pivotal clinical trials for any product candidate and have only a limited number of product candidates in current or planned clinical trials. It will be several years, if ever, before we have a product candidate ready for commercialization. Even if we obtain regulatory approval to market a product candidate, our future revenues would depend upon the size of the market or markets in which our product candidates received such approval and our ability to achieve sufficient market acceptance, reimbursement from third-party payors and adequate market share for our product candidates in those markets.

We expect to continue to incur significant expenses and operating losses over the next several years. Our expenses may increase in connection with our ongoing activities, as we:

- continue clinical development and manufacturing activities for XMT-1660 and XMT-2056;
- continue activities to discover, validate and develop additional product candidates; candidates, including XMT-2068 and XMT-2175;
- conduct research and development activities under our collaborations;
- obtain marketing approvals for our current and future product candidates for which we complete clinical trials;
- develop a sustainable and scalable manufacturing process for our product candidates, including establishing and maintaining commercially viable supply and manufacturing relationships with third parties;

- address any competing technological and market developments;
- maintain, expand and protect our intellectual property portfolio; and
- hire additional research, development and general and administrative personnel.

If we are required by the FDA or any equivalent foreign regulatory authority to perform clinical trials or preclinical trials in addition to those we currently expect to conduct, or if there are any delays in completing the clinical trials of XMT-1660, XMT-2056 or any other current or future product candidates, our expenses could increase.

To become and remain profitable, we must succeed in developing our product candidates, obtaining regulatory approval for them, and manufacturing, marketing and selling those products for which we may obtain regulatory approval. We may not succeed in these activities, and we may never generate revenue from product sales or strategic collaborations in an amount sufficient to achieve profitability. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to become or remain profitable would depress our market value and could impair our ability to raise capital, expand our business, discover or develop other product candidates or continue our operations.

We have a credit facility that requires us to comply with certain affirmative and negative covenants and places restrictions on our operating and financial flexibility.

In October 2021, we entered into a Loan and Security Agreement, or the New Credit Facility, with Oxford Finance LLC as the collateral agent and a lender, Silicon Valley Bank, a division of First-Citizens Bank & Trust Company, as a lender, and the other lenders party thereto, or together the Lenders. Pursuant to the New Credit Facility, as amended to date, we have borrowed $25 million, and no additional borrowing amounts are available to us under the New Credit Facility, as amended. The New Credit Facility is secured by substantially all of our personal property owned or later acquired, excluding intellectual property (but including the right to payments and proceeds from intellectual property), and a negative pledge on intellectual property.

The New Credit Facility also includes customary representations and warranties and affirmative and negative covenants, as well as customary events of default. Certain of the customary negative covenants limit our ability, among other things, to incur future debt, grant liens, make investments, make acquisitions, distribute dividends, make certain restricted payments and sell assets, subject in each case to certain exceptions. Our failure to comply with these covenants would result in an event of default under the Loan and Security Agreement and could result in the acceleration of the obligations we owe pursuant to the New Credit Facility.

We will require substantial additional financing to achieve our goals, and a failure to obtain this necessary capital when needed could force us to delay, limit, reduce or terminate our product development or future commercialization efforts.

Our cash, cash equivalents and marketable securities were $241.0 million as of September 30, 2023. We have utilized substantial amounts of cash since our inception and expect that we will continue to expend substantial resources for the foreseeable future developing XMT-1660, XMT-2056 and any other current or future product candidates. These expenditures may include costs associated with research and development, conducting preclinical studies and clinical trials, potentially obtaining regulatory approvals and

manufacturing products, as well as marketing and selling products approved for sale, if any, and potentially acquiring new technologies. In addition, other unanticipated costs may arise. Because the outcome of our planned and anticipated clinical trials is highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the development and commercialization of our product candidates. Our costs will increase if we experience any delays in our clinical trials for any current or future product candidates, including delays in enrollment of patients. We may also incur costs associated with operating as a public company, hiring additional personnel and expanding our facilities in the future.

Our future capital requirements depend on many factors, including:

- the scope, progress, results and costs of researching and developing XMT-1660, XMT-2056 and any other current or future product candidates and conducting preclinical studies and clinical trials;
- the cost of manufacturing XMT-1660, XMT-2056 and any other current or future product candidates for clinical trials in preparation for regulatory approval and in preparation for commercialization;
- the timing of, and the costs involved in, obtaining regulatory approvals for XMT-1660, XMT-2056 and any other current or future product candidates if preclinical studies and clinical trials are successful;
- the cost of commercialization activities for XMT-1660, XMT-2056 and any other current or future product candidates, if any product candidates are approved for sale, including manufacturing, marketing, sales and distribution costs;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of such agreements;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, including litigation costs and the outcome of any such litigation;
- the timing, receipt and amount of sales of, or royalties on, our future products, if any, or products developed by our collaborators;
- the emergence of competing cancer therapies and other adverse market developments; and
- the requirement for or the cost of developing any companion diagnostics and/or complementary diagnostics.

We believe that our current cash, cash equivalents and marketable securities will be sufficient to fund our current operating plan commitments into 2026. However, we have based these estimates on assumptions that may prove to be wrong, our operating plan may change as a result of many factors currently unknown to us, and we may need additional funds sooner than planned. Additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate preclinical studies, clinical trials or other development activities for one or more of our product candidates or delay, limit, reduce or terminate our future establishment of sales and marketing capabilities or other activities that may be necessary to commercialize our product candidates. Even if we believe we have sufficient funds for our current or future operating plans, we may seek additional capital due to favorable market conditions or strategic considerations.

Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our technologies or ADC product candidates.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our capital need through a variety of means, including through private and public equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interests of our common stockholders will be diluted, and the terms of such equity or convertible debt securities may include liquidation or other preferences that are senior to or otherwise adversely affect the rights of our common stockholders. Additional debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take certain actions, such as incurring future debt, making capital expenditures, declaring dividends or encumbering our assets to secure future indebtedness, each of which could adversely impact our ability to conduct our business and execute our operating plan. If we raise additional funds through strategic collaborations with third parties, we may have to relinquish valuable rights to our technologies, including our platforms, or product candidates, or grant licenses on terms that are not favorable to us. If we are unable to raise additional funds through equity or debt financing when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts for XMT-1660, XMT-2056 or any other current or future product candidates or grant rights to third parties to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

We have a credit facility that requires us to comply with certain affirmative and negative covenants and places restrictions on our operating and financial flexibility.

In October 2021, we entered into a loan and security agreement with Oxford Finance LLC as the collateral agent and a lender, Silicon Valley Bank, a division of First-Citizens Bank & Trust Company, as a lender, and the other lenders party thereto, or collectively the Lenders. We refer to the loan and security agreement, as amended on February 17, 2022, October 17, 2022, December 27, 2022 and March 23, 2023, as the New Credit Facility. Pursuant to the New Credit Facility we have borrowed $25 million, and no additional borrowing amounts are available to us under the New Credit Facility. The New Credit Facility is secured by substantially all of our personal property owned or later acquired, excluding intellectual property (but including the right to payments and proceeds from intellectual property), and a negative pledge on intellectual property.

The New Credit Facility also includes customary representations and warranties and affirmative and negative covenants, as well as customary events of default. Certain of the customary negative covenants limit our ability, among other things, to incur future debt, grant liens, make investments, make acquisitions, distribute dividends, make certain restricted payments and sell assets, subject in each case to certain exceptions. Our failure to comply with these covenants would result in an event of default under the loan and security agreement and could result in the acceleration of the obligations we owe pursuant to the New Credit Facility.

We may expend our resources to pursue a particular product candidate and fail to capitalize on product candidates that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we focus on specific product candidates. As a result, we may forgo or delay pursuit of opportunities with other product candidates that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Failure to properly assess potential product candidates could result in our focus on product candidates with low market potential, which would harm our business and financial condition. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable product candidates. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate.

Risks Related to Our Reliance on Third Parties

Because we rely on third-party manufacturers and suppliers, our supply of research and development, preclinical and clinical development materials may become limited or interrupted or may not be of satisfactory quantity or quality.

We rely on third-party contract manufacturers to manufacture our preclinical and clinical trial product supplies, as well as to support our manufacturing obligations under our current collaborations, and we lack the internal resources and the capability to manufacture any product candidates on a clinical or commercial scale. The facilities used by our contract manufacturers to manufacture the active pharmaceutical ingredient and final drug product must be acceptable to the FDA and other comparable foreign regulatory agencies pursuant to inspections that would be conducted after we submit our marketing application or relevant foreign regulatory submission to the applicable regulatory agency. There can be no assurance that our preclinical and clinical development product supplies will be sufficient, uninterrupted or of satisfactory quality or continue to be available at acceptable prices. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or applicable foreign regulatory agencies, they will not be able to secure or maintain regulatory approval for their manufacturing facilities. Additionally, if geopolitical events that are beyond our control or the control of our contract manufacturers create barriers to performance that impede their ability to manufacture for or deliver manufactured supplies to us, we may be unable to secure an adequate inventory of preclinical and clinical development product supplies. Any replacement of our manufacturers could require significant effort and expertise because there may be a limited number of qualified replacements.

The manufacturing process for a product candidate is subject to FDA and foreign regulatory authority review. Suppliers and manufacturers must meet applicable manufacturing requirements and undergo rigorous facility and process validation tests required by regulatory authorities in order to comply with regulatory standards, such as current good manufacturing practices. We have no direct control over our contract manufacturers' ability to maintain adequate quality control, quality assurance and qualified personnel. In the event that any of our manufacturers fails to comply with regulatory requirements or to perform its obligations to us in relation to quality, timing or otherwise, or if our supply of components or other materials becomes limited or interrupted for other reasons, we may be forced to manufacture the materials ourselves, for which we currently do not have the capabilities or resources, or enter into an agreement with another third party, which we may not be able to do on reasonable terms, if at all. In some cases, the technical skills or technology required to manufacture our product candidates may be unique or proprietary to the original manufacturer, and we may have difficulty transferring such skills or technology to another third party and a feasible alternative may not exist. These factors would increase our reliance on such manufacturer or require us to obtain a license from such manufacturer in order to have another third-party manufacture our product candidates. If we are required to change manufacturers for any reason, we will be required to verify that the new manufacturer maintains facilities and procedures that comply with quality standards and with all applicable regulations and guidelines. The delays associated with the verification of a new manufacturer could negatively affect our ability to develop product candidates in a timely manner or within budget. Our reliance on contract manufacturers also exposes us to the possibility that they, or third parties with access to their facilities, will have access to and may appropriate our trade secrets or other proprietary information.

We expect to continue to rely on third-party manufacturers if we receive regulatory approval for any product candidate. To the extent that we have existing, or enter into future, manufacturing arrangements with third parties, we will depend on these third parties to perform their obligations in a timely manner consistent with contractual and regulatory requirements, including those related to quality control and assurance. If we are unable to obtain or maintain third-party manufacturing for product candidates, or to do so on commercially reasonable terms, we may not be able to develop and commercialize our product candidates successfully. Our or a third party's failure to

execute on our manufacturing requirements and comply with current good manufacturing practices, or cGMP, could adversely affect our business in a number of ways, including:

- a delay or inability to initiate or continue clinical trials of product candidates under development;
- delay in submitting regulatory applications, or delay or failure to receive regulatory approvals, for product candidates;
- loss of the cooperation of an existing or future strategic collaborator;
- subjecting third-party manufacturing facilities or our manufacturing facilities to additional inspections by regulatory authorities;
- a requirement to cease distribution or to recall batches of our product candidates;
- in the event of approval to market and commercialize a product candidate, an inability to meet commercial demands for our products; and
- fines, adverse publicity, and civil and criminal enforcement and sanctions.

We, or our third-party manufacturers, may be unable to successfully scale-up manufacturing of our ADC product candidates in sufficient quality and quantity, which would delay or prevent us from developing our ADC product candidates and commercializing approved products, if any.

In order to conduct clinical trials of our product candidates and commercialize any approved product candidates, we, or our third-party manufacturers, will need to manufacture them in large quantities. We, or our third-party manufacturers, may be unable to successfully increase the manufacturing capacity for any of our product candidates in a timely or cost-effective manner, or at all. In addition, quality issues may arise during scale-up activities. If we or any third-party manufacturer are unable to successfully scale up the manufacture of our product candidates in sufficient quality and quantity, the development, testing and clinical trials of that product candidate may be delayed or infeasible, and regulatory approval or commercial launch of any resulting product may be delayed or not obtained, which could significantly harm our business. If we are unable to obtain or maintain third-party manufacturing for commercial supply of our product candidates, or to do so on commercially reasonable terms, we may not be able to develop and commercialize our product candidates successfully.

We rely on third parties to conduct preclinical studies and clinical trials for XMT-1660, XMT-2056 and our other product candidates, and if such third parties do not properly, timely and successfully perform their obligations to us, we may not be able to obtain regulatory approvals for XMT-1660, XMT-2056 or any other current or future ADC product candidates.

We designed the ongoing clinical trials of XMT-1660 and XMT-2056, the trial for XMT-1592 that closed in September 2022, our Phase 1b and UPLIFT, clinical trials of UpRi and our recently terminated UPGRADE-A and UP-NEXT clinical trials of UpRi, for which we discontinued development in 2023, and we intend to design any future clinical trials for any future product candidates that we may

develop if preclinical studies are successful and we do not have a strategic collaborator responsible for such trial design. However, we rely on CROs, SMOs, clinical sites, investigators and other third parties to assist in managing, monitoring and otherwise carrying out many of these trials. As a result, we have less direct control over the conduct, timing and completion of these clinical trials and the management of data developed through clinical trials than would be the case if we were relying entirely upon our own staff. These CROs, SMOs, investigators and other third parties are not our employees, and we have limited control over the amount of time and resources that they dedicate to our programs. We compete with many other companies for the resources of these third parties. These third parties may have contractual relationships with other entities, some of which may be our competitors, which may draw time and resources from our programs. The third parties with whom we contract might not be diligent, careful or timely in conducting our preclinical studies or clinical trials, or complying with current good laboratory practices or current good clinical practices, as applicable, resulting in the preclinical studies or clinical trials being delayed or unsuccessful.

The third parties on whom we rely generally may terminate their engagements at any time, and having to enter into alternative arrangements would delay development and commercialization of our product candidates. Communicating with outside parties can also be challenging, potentially leading to mistakes as well as difficulties in coordinating activities. Outside parties may:

- have staffing difficulties;
- fail to comply with contractual obligations;
- experience regulatory compliance issues;
- undergo changes in priorities or become financially distressed; or
- form relationships with other entities, some of which may be our competitors.

The FDA and comparable foreign regulatory authorities require compliance with regulations and standards, including GCP, for designing, conducting, monitoring, recording, analyzing and reporting the results of clinical trials to assure that the data and results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. Although we rely, and intend to continue to rely, on third parties to conduct our clinical trials, they are not our employees, and we are responsible for ensuring that each of these clinical trials is conducted in accordance with its general investigational plan, protocol and other requirements. Our reliance on these third parties for research and development activities will reduce our control over these activities but will not relieve us of our responsibilities. For any violations of laws or regulations during the conduct of our clinical trials, we could be subject to untitled and warning letters or enforcement action that may include civil penalties up to and including criminal prosecution.

If these third parties do not successfully carry out their duties under their agreements, if the quality or accuracy of the data they obtain is compromised due to their failure to adhere to clinical trial protocols or to regulatory requirements, or if they otherwise fail to comply with clinical trial protocols or meet expected deadlines, the clinical trials of our product candidates may not meet regulatory requirements. The FDA enforces GCP regulations through periodic inspections of clinical trial sponsors, principal investigators and trial sites. If we or our CROs fail to comply with applicable GCPs or other regulatory requirements, the clinical data generated in our clinical trials may be deemed unreliable, third parties may need to be replaced, we may be subject to negative publicity, fines and civil or criminal sanctions, and preclinical development activities or clinical trials may be extended, delayed, suspended or terminated. If any of these events occur, we may not be able to obtain regulatory approval of our product candidates on a timely basis or at all.

We depend on certain strategic relationships with other companies to assist in the research, development and commercialization of our ADC platforms and ADC product candidates. If our existing significant collaborators do not perform as expected, this may negatively affect our ability to commercialize our ADC product candidates or generate revenues through technology licensing or may otherwise negatively affect our business.

We have established strategic collaborations and intend to continue to establish strategic collaborations and other relationships with third parties to research, develop and commercialize our platforms and existing and future product candidates. In December 2022, we entered into a collaboration and license agreement with Ares Trading, S.A., an affiliate of Merck KGaA, Darmstadt, Germany, or Merck KGaA, for the research, development and commercialization of ADC product candidates leveraging our Immunosynthen platform, and in February 2022, we entered into a collaboration agreement with Janssen Biotech, Inc., or Johnson & Johnson, for the research, development and commercialization of ADC product candidates leveraging our Dolasynthen platform. We had also entered into a collaboration agreement with Merck KGaA for the development and commercialization of ADC product candidates leveraging our Dolaflexin platform. Additionally, in August 2022, we entered into an option, collaboration and license agreement or the GSK Agreement, with GlaxoSmithKline Intellectual Property (No. 4) Limited, or GSK, pursuant to which we granted GSK an exclusive option to obtain an exclusive license to co-develop and to commercialize products containing XMT-2056. Under these arrangements, we will depend on our collaborators to design and conduct their clinical trials. As a result, we will not be able to control or oversee the conduct of these programs by our collaborators and those programs may not be successful, which may negatively impact our business operations. In addition, if any of these collaborators withdraw support for these programs or proposed products or otherwise impair their development or experience negative results, our business and our product candidates could be negatively affected.

Our collaborators may terminate their agreements with us for cause under certain circumstances or at will in certain cases and discontinue use of our technologies. In addition, we cannot control the amount and timing of resources our collaborators may devote to products utilizing or incorporating our technology. Moreover, our relationships with our collaborators may divert significant time and effort of our scientific staff and management team and require effective allocation of our resources to multiple internal and collaborative projects. Our collaborators may fail to perform their obligations under the collaboration agreements or may not perform their obligations in a timely manner. If conflicts arise between our collaborators and us, the other party may act in a manner adverse to us and could limit our ability to implement our strategies. If any of our significant collaborators terminate or breach our agreements with them, or otherwise fail to complete their obligations in a timely manner, or if GSK ultimately decides not to exercise its option for a license to co-develop and commercialize XMT-2056, it may have a detrimental effect on our financial position by reducing or eliminating the potential for us to receive technology access and license fees, milestones and royalties, reimbursement of development costs, as well as possibly requiring us to devote additional efforts and incur costs associated with pursuing internal development of product candidates. Furthermore, if our collaborators do not prioritize and commit sufficient resources to programs associated with our product candidates or collaboration product candidates, we or our collaborators may be unable to commercialize these product candidates, which would limit our ability to generate revenue and become profitable.

Our collaborators may separately pursue competing products, therapeutic approaches or technologies to develop treatments for the diseases targeted by us or our collaborators. Competing products, either developed by our collaborators or to which our collaborators have rights, may result in the withdrawal of collaborators support for our product candidates. Even if our collaborators continue their contributions to the strategic relationships, they may nevertheless determine not to actively pursue the development or commercialization of any resulting products. Additionally, if our collaborators pursue different clinical or regulatory strategies with their product candidates based on our platforms or technologies, adverse events with their product candidates could negatively affect our product candidates utilizing similar technologies. Any of these developments could harm our product development efforts.

To date, we have depended on a small number of collaborators for a substantial portion of our revenue. The loss of any one of these collaborators could result in non-achievement of our expected revenue payments.

We have entered into strategic collaborations with a limited number of companies. To date, a substantial portion of our revenue has resulted from payments made under certain agreements with our strategic collaborators, and we expect that a portion of our revenue will continue to come from strategic collaborations. The loss of any of our collaborators, or the failure of our collaborators to perform their obligations under their agreements with us, including paying license or technology fees, milestone payments, royalties or reimbursements, could have a material adverse effect on our financial performance. Payments under our existing and future strategic collaborations are also subject to significant fluctuations in both timing and amount, which could cause our revenue to fall below the expectations of securities analysts and investors and cause a decrease in our stock price.

We may seek to establish additional strategic collaborations, and if we are not able to establish them on commercially reasonable terms, or maintain them, we may have to alter our development and commercialization plans.

We continue to strategically evaluate our collaborations and, as appropriate, we expect to enter into additional strategic collaborations in the future, including potentially with major biotechnology or biopharmaceutical companies. We face significant competition in seeking appropriate collaborators for our product candidates and platforms, and the negotiation process is time-consuming and complex. In order for us to successfully collaborate with a third-party to leverage our platforms or advance our product candidates, potential collaborators must view these platforms and product candidates as economically valuable in markets they determine to be attractive in light of the terms that we are seeking and other available platforms and products for licensing by other companies. Even if we are successful in our efforts to establish strategic collaborations, the terms that we agree upon may not be favorable to us, and we may not be able to maintain such strategic collaborations if, for example, development or approval of a product candidate is delayed or sales of an approved product are disappointing. Any delay in entering into strategic collaboration agreements related to our product candidates or platforms could delay the development and commercialization of existing or future product candidates and reduce their competitiveness even if they reach the market. If we are not able to generate revenue under our strategic collaborations when and in accordance with our expectations or the expectations of industry analysts, this failure could harm our business and have an immediate adverse effect on the trading price of our common stock.

If we fail to establish and maintain additional strategic collaborations related to our product candidates for which we have not yet entered into a strategic collaboration, we will bear all of the risk and costs related to the development of any such product candidate, and we may need to seek additional financing, hire additional employees and otherwise develop expertise, such as regulatory additional expertise for which we have not budgeted. If we are not successful in seeking additional financing, hiring additional employees or developing additional expertise, if necessary, our cash burn rate would increase or we would need to take steps to reduce our rate of product candidate development. This could negatively affect the development of any product candidate for which we do not currently have a collaborator.

Risks Related to Commercialization of Our ADC Product Candidates

Our future commercial success depends upon attaining significant market acceptance of our ADC product candidates, if approved, among physicians, patients and health care payors.

Even if we obtain regulatory approval for any other current or future product candidates that we may develop or acquire in the future, the product candidate may not gain market acceptance among physicians, health care payors, patients and the broader healthcare community. Market acceptance of any approved products depends on a number of factors, including:

- the efficacy and safety of the product, as demonstrated in clinical trials;
- the indications for which the product is approved and the label approved by regulatory authorities for use with the product, including any warnings that may be required on the label;
- acceptance by physicians and patients of the product as a safe and effective treatment;
- the cost, safety and efficacy of treatment in relation to alternative treatments;
- the availability of adequate reimbursement and pricing by third-party payors and government authorities;
- relative convenience and ease of administration;
- the prevalence and severity of adverse side effects; and
- the effectiveness of our sales and marketing efforts.

Perceptions of any product are influenced by perceptions of competitors' products. As a result, adverse public perception of our competitors' products may negatively impact the market acceptance of our product candidates. Market acceptance is critical to our ability to generate significant revenue and become profitable. Any therapeutic candidate, if approved and commercialized, may be accepted in only limited capacities or not at all. If any approved products are not accepted by the market to the extent that we expect, we may not be able to generate significant revenue and our business would suffer.

The incidence and prevalence for target patient populations of our drug candidates have not been established with precision. If the market opportunities for our drug candidates are smaller than we estimate, or if any approval that we obtain is based on a narrower definition of the patient population, our revenue and ability to achieve profitability will be adversely affected, possibly materially.

The precise incidence and prevalence of B7-H4-expressing cancers and HER2-expressing human epidermal growth factor receptor 2-, or HER2-, expressing cancers are uncertain. Our estimates of the number of people who have these diseases, as well as the subset of people who have the potential to benefit from treatment with our product candidates are based on estimates. The total addressable market opportunity for XMT-1660, XMT-2056 or any of our other current or future product candidates will ultimately depend upon, among

other things, the diagnosis criteria included in the final label for each such product candidate if our product candidates are approved for sale for these indications, acceptance by the medical community, and patient access, drug pricing and reimbursement. The number of patients who can be treated with XMT-1660, XMT-2056 or any of our other current or future product candidates may turn out to be lower than expected, patients may not be otherwise amenable to treatment with our drugs or we may face increasing difficulties in identifying or gaining access to new patients, all of which would adversely affect our results of operations and our business.

If we are unable to establish sales, marketing and distribution capabilities, we may not be successful in commercializing our product candidates if and when they are approved.

We do not have a sales or marketing infrastructure and have no experience in the sale, marketing or distribution of products. To achieve commercial success for any product for which we have obtained marketing approval, we will need to establish a sales and marketing organization or pursue a collaborative arrangement for such sales and marketing.

In the future, we expect to build a focused sales and marketing infrastructure to market XMT-1660 and any other current or future product candidates in the United States and certain foreign jurisdictions, if and when they are approved, and we may potentially do so for XMT-2056. There are risks involved with establishing our own sales, marketing and distribution capabilities.

For example, recruiting and training a sales force is expensive and time consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel.

Factors that may inhibit our efforts to commercialize our products on our own include:

- our inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to physicians;
- the lack of adequate numbers of physicians to prescribe any future products;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

If we are unable to establish our own sales, marketing and distribution capabilities and enter into arrangements with third parties to perform these services, our product revenues and our profitability, if any, are likely to be lower than if we were to market, sell and distribute any products that we develop ourselves.

In addition, we may not be successful in entering into arrangements with third parties to sell, market and distribute certain of our product candidates outside of the United States or may be unable to do so on terms that are favorable to us. We likely will have limited control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively. If we do not establish sales, marketing and distribution capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates.

Reimbursement may be limited or unavailable in certain market segments for our ADC product candidates, which could make it difficult for us to sell our products profitably.

In both domestic and foreign markets, sales of any of our product candidates, if approved, will depend, in part, on the extent to which the costs of our products will be covered by third-party payors, such as government health programs, commercial insurance and managed health care organizations. These third-party payors decide which drugs will be covered and establish reimbursement levels for those drugs. The containment of health care costs has become a priority of foreign and domestic governments as well as private third-party payors. The prices of drugs have been a focus in this effort. Governments and private third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications, which could affect our ability to sell our product candidates profitably. Cost-control initiatives could cause us to decrease the price we might establish for products, which could result in lower than anticipated product revenues.

Reimbursement by a third-party payor may depend upon a number of factors, including the third-party payor's determination that use of a product is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.

Adverse pricing limitations may hinder our ability to recoup our investment in XMT-1660, XMT-2056 or any other current or future product candidates, even if such product candidates obtain marketing approval.

Obtaining coverage and reimbursement approval for a product from a government or other third-party payor is a time consuming and costly process that could require us to provide supporting scientific, clinical and cost-effectiveness data for the use of our products to the payor. Further, there is significant uncertainty related to third-party payor coverage and reimbursement of newly approved drugs. We may not be able to provide data sufficient to gain acceptance with respect to coverage and reimbursement. We cannot be sure that coverage or adequate reimbursement will be available for any of our product candidates. Also, we cannot be sure that reimbursement amounts will not reduce the demand for, or the price of, our products. If reimbursement is not available or is available only to limited levels, we may not be able to commercialize certain of our products. In addition, in the United States, third-party payors are increasingly attempting to contain health care costs by limiting both coverage and the level of reimbursement of new drugs. As a result, significant uncertainty exists as to whether and how much third-party payors will reimburse patients for their use of newly approved drugs, which in turn will put pressure on the pricing of drugs. Manufacturers further may be required to offer price concessions to achieve sales or favorable coverage.

Price controls may be imposed in the United States and foreign markets, which may adversely affect our future profitability.

In the United States, the prices of pharmaceutical products are increasingly subject to review and legislative actions to exert government regulation over the costs of such products. Further, in a number of foreign countries, including member states of the European Union, or EU Member States, the pricing of prescription drugs is subject to governmental control. Additional countries may adopt similar approaches to the pricing of prescription drugs. In such countries, pricing negotiations with governmental authorities can take considerable time after receipt of marketing approval for a product. In addition, there can be considerable pressure by governments and other stakeholders on prices and reimbursement levels, including as part of cost containment measures. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various European Union member states EU Member States and parallel distribution, or arbitrage between low-priced and high-priced member states, EU Member States, can further reduce prices. In some countries, we may be required to conduct a clinical trial or other trials that compare the cost-effectiveness of our product candidates to other available therapies in order to obtain or maintain reimbursement or pricing approval. We cannot be sure that such prices and reimbursement will be acceptable to us or our strategic collaborators. Publication of discounts by third-party payors or authorities may lead to further pressure on the prices or reimbursement levels within the country of publication and other countries. If pricing is set at unsatisfactory levels or if reimbursement of our products is unavailable or limited in scope or amount, our revenues from sales by us or our strategic collaborators and the potential profitability of our product candidates in those countries would be negatively affected.

We face substantial competition, and if our competitors develop and market products that are more effective, safer or less expensive than any of our current or future product candidates, our commercial opportunities will be negatively impacted.

The biotechnology and biopharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. Many third parties compete with us in developing various approaches to cancer therapy. They include pharmaceutical companies, biotechnology companies, academic institutions and other research organizations. Any treatments developed by our competitors could be superior to our product candidates. It is possible that these competitors will succeed in developing technologies that are more effective than our platforms or product candidates or that would render our platforms obsolete, noncompetitive or not economical. We anticipate that we will face increased competition in the future as additional companies enter our market and scientific developments surrounding other cancer therapies continue to accelerate.

We are also aware of multiple companies with ADC technologies that may be competitive to our platforms, including AstraZeneca plc; Daiichi Sankyo Company, Limited; Gilead Sciences, Inc.; ImmunoGen, Inc.; Pfizer Inc.; and Seagen Inc. These these companies or their partners and collaborators including AbbVie Inc.; Astellas Pharma Inc.; Genentech, a member of the Roche Group; and Takeda Pharmaceuticals, Inc., to Takeda, may develop product candidates that compete in the same indications as our current and future product candidates. Multiple companies are also developing ADCs targeting the same biomarkers as we are targeting or that could compete with our Immunosynthen product candidates, including Bolt Biotherapeutics, Inc. and Takeda, albeit with differing immune stimulating approaches. We expect to compete based on our innovative technology and the efficacy, safety and tolerability profile of our ADCs compared to other product candidates, but if our ADCs are not demonstrably superior in these respects, we may not be able to compete effectively. Products we may develop in the future are also likely to face competition from other products and therapies, some of which we may not currently be aware.

Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical studies, conducting clinical trials, obtaining regulatory approval and marketing than we do. In addition, many of these competitors are active in seeking patent protection and licensing arrangements in anticipation of collecting royalties for use of technology that they have developed. Large pharmaceutical companies, in particular, have extensive experience in clinical testing, obtaining marketing approvals, establishing clinical trial sites, recruiting patients and in manufacturing pharmaceutical products and may succeed in discovering, developing and commercializing products in our field before we do. Smaller or early-stage companies may also prove to be significant competitors, particularly through strategic relationships with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, as well as in acquiring technologies complementary to our programs.

In addition, if our product candidates are approved and commercialized, we may face competition from biosimilars. The route to market for biosimilars was established with the passage of the Health Care Reform Act in March 2010. The Biologics Price Competition and Innovation Act of 2009, or BPCIA, establishes a pathway for FDA approval of follow-on biologics and provides 12 years of data exclusivity for reference products. The BPCIA is complex and continues to be interpreted and implemented by the FDA. In addition, government proposals have sought to reduce the 12-year reference product exclusivity period. Further, since the BPCIA was enacted as part of the overall Health Care Reform Act, current litigation challenges to that Act, discussed more in full below, could impact the validity of the BPCIA. As a result, there still remains significant uncertainty as to the ultimate impact, implementation and regulatory interpretation of the BPCIA.

In Europe, the European Medicines Agency, or EMA, has issued guidelines for approving products through an abbreviated pathway, and biosimilars have been approved in Europe. If a biosimilar version of one of our potential products were approved in the United States or Europe, it could have a negative effect on sales and gross profits of the potential product and our financial condition.

With respect to our current and potential future product candidates, we believe that our ability to compete effectively and develop products that can be manufactured cost-effectively and marketed successfully will depend on our ability to:

- advance our technology platforms;
- obtain and maintain intellectual property protection for our technologies and products;
- obtain required government and other public and private approvals on a timely basis;
- attract and retain key personnel;
- commercialize effectively;
- obtain reimbursement for our products in approved indications;

- comply with applicable laws, regulations and regulatory requirements and restrictions with respect to the commercialization of our products, including with respect to any changed or increased regulatory restrictions; and
- enter into additional strategic collaborations to advance the development and commercialization of our product candidates.

Risks Related to Our Intellectual Property

If we are unable to obtain or protect intellectual property rights related to our technology and ADC product candidates, or if our intellectual property rights are inadequate, we may not be able to compete effectively.

Our success depends in large part on our ability to obtain and maintain protection with respect to our intellectual property and proprietary technology. We rely upon a combination of patents, trade secret and confidential know-how protection and confidentiality agreements to protect the intellectual property related to our platforms and our product candidates, including UpRi, XMT-1660, XMT-2056, XMT-2068 and XMT-2056. XMT-2175. The patent position of biopharmaceutical companies is generally uncertain because it involves complex legal and factual considerations and has, in recent years, been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights is highly uncertain. The standards applied by the United States Patent and Trademark Office, or USPTO, and foreign patent offices in granting patents are not always applied uniformly or predictably. For example, there is no uniform worldwide policy regarding patentable subject matter or the scope of claims allowable in patents. In addition, changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection. The patent prosecution process is expensive, complex and time-consuming, and we may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patents and patent applications at a reasonable cost or in a timely manner. It is also possible that we fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. There is no assurance that all potentially relevant prior art relating to our patents and patent applications has been found. We may be unaware of prior art that could be used to invalidate an issued patent or prevent our pending patent applications from issuing as patents.

The patent applications that we own or in-license may fail to result in issued patents, and even if they do issue as patents, such patents may not cover our platforms and product candidates in the United States or in other countries. The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in loss of exclusivity or in patent claims being narrowed, invalidated or held unenforceable, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and product candidates. For example, even if patent applications we license or own do successfully issue as patents and even if such patents cover our platforms and product candidates, third parties may challenge their validity, enforceability or scope, which may result in such patents being narrowed or invalidated. Furthermore, even if they are unchallenged, our patents and patent applications may not provide adequate protection or exclusivity for our ADC platform or product candidates, prevent others from designing around our claims or otherwise provide us with a competitive advantage. Any of these outcomes could impair our ability to prevent competition from third parties, which may have an adverse impact on our business.

If patent applications we own or have in-licensed with respect to our platforms or our product candidates fail to issue as patents, if their breadth or strength of protection is threatened or inadequate, or if they fail to provide meaningful exclusivity, it could dissuade companies

from collaborating with us. We cannot offer any assurances about which, if any, patents will issue, the breadth of any such patents or whether any issued patents will be found invalid and unenforceable or will be threatened by third parties. Any inability to obtain relevant granted patents or successful challenge to these patents or any other patents owned by or licensed to us could deprive us of rights necessary for the successful development and commercialization of any product candidate. Since patent applications in the United States and most other countries are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we were the first to file any patent application related to a product candidate. Furthermore, with respect to at least certain of our patents and patent applications, if third parties have filed such patent applications, an interference proceeding in the United States can be initiated by the USPTO or a third-party to determine who was the first to invent any of the subject matter covered by the patent claims of our applications. In addition, patents have a limited lifespan. In the United States, the natural expiration of a patent is generally 20 years after it is filed. Various extensions may be available; however, the life of a patent and the protection it affords is limited. Given the amount of time required for the development, testing and regulatory review of new product candidates, our owned or in-licensed patents protecting such candidates might expire before being able to effectively prevent others from commercializing products competitive to our candidates. If we encounter delays in obtaining regulatory approvals, the period of time during which we could market a drug under patent protection could be further reduced. Even if patents covering our product candidates are obtained, once the patent life has expired for a product, we may be open to competition from similar or generic products. The launch of a generic version of one of our products in particular would be likely to result in an immediate and substantial reduction in the demand for our product, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted, redefine prior art, may affect patent litigation and switch the U.S. patent system from a “first-to-invent” system to a “first-inventor-to-file” system. Under a first-inventor-to-file system, assuming the other requirements for patentability are met, the first inventor to file a patent application generally will be entitled to the patent on an invention regardless of whether another inventor had made the invention earlier. These provisions also allow third-party submission of prior art to the USPTO during patent prosecution and set forth additional procedures to attack the validity of a patent by the USPTO administered post grant proceedings. The USPTO developed additional regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and, in particular, the first-inventor-to-file provisions, became effective on March 16, 2013. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. The Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects. Potential further changes to the laws governing intellectual property in the United States or other countries, or in the continued interpretation and implementation of the provisions of the Leahy-Smith Act in the United States, create uncertainty in our ability to obtain, maintain and enforce our intellectual property rights and could have an adverse effect on our ability to do so in a way that protects our platforms and product candidates.

Any loss of patent protection could have a material adverse impact on our business. We may be unable to prevent competitors from entering the market with a product that is similar to or the same as our product candidates.

Issued patents covering UpRi, XMT-1660, XMT-2056 and any other current or future ADC product candidates could be found not infringed by a competitive product, invalid or unenforceable if challenged in court or before the USPTO or comparable foreign authority.

In some cases, it may be difficult to detect infringement of our intellectual property rights by third parties, and, even if detected, proving infringement may be difficult. If we or one of our licensing partners initiate legal proceedings against a third party to enforce a patent covering UpRi, XMT-1660, XMT-2056 or any other current or future product candidates, the defendant could counterclaim its product does not infringe the asserted patent or that the patent covering our product candidate is invalid or unenforceable. In patent litigation in

the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace, and there are numerous grounds upon which a third party can assert invalidity or unenforceability of a patent. Grounds for a validity challenge could be, among other things, an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, lack of written description or non-enablement. Grounds for an unenforceability assertion could be, among other things, an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. Third parties may also raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, inter partes review, post-grant review, interference proceedings, derivation proceedings and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in revocation, cancellation or amendment to our patents in such a way that they no longer cover and protect our product candidates. The outcome following legal assertions of infringement, invalidity and unenforceability is unpredictable. With respect to infringement, the court may interpret the claims in a way that establishes a third-party product does not infringe those claims, or we may be otherwise unsuccessful in establishing that a third-party product embodies or practices each element of the claim and therefore infringes the claim. With respect to the validity of our patents, for example, we cannot be certain that there is no invalidating prior art of which we, our licensors, our patent counsel and the patent examiner were unaware during prosecution. If a third party were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on one or more of our product candidates. Any such loss of patent protection or a finding that a third party's competitive product does not infringe our patents could have a material adverse impact on our business, financial condition, results of operations and prospects.

If we fail to comply with our obligations under any license, strategic collaboration or other agreements, we may be required to pay damages and could lose intellectual property rights that are necessary for developing and protecting our ADC product candidates.

We rely, in part, on license, collaboration and other agreements. We may need to obtain additional licenses from others to advance our research or allow commercialization of our product candidates and it is possible that we may be unable to obtain additional licenses at a reasonable cost or on reasonable terms, if at all. The licensing or acquisition of third party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third party intellectual property rights that we may consider attractive. These established companies may have a competitive advantage over us due to their size, capital resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment.

In addition, our existing licenses and collaboration agreements, including our licenses license with Ares Trading S.A., a wholly owned subsidiary of Merck KGaA, Darmstadt, Germany, or Merck KGaA, and Merck KGaA for intellectual property covering the Immunosynthen and Dolaflexin platforms; platform; our potential license with GlaxoSmithKline Intellectual Property (No. 4) Limited, or GSK for intellectual property covering XMT-2056; our license with Janssen Biotech, Inc., or Janssen, Johnson & Johnson for intellectual property covering the Dolasynthen platform; our license with Recepta Biopharma S.A., or Recepta, for intellectual property covering the NaPi2b antibody in UpRi; platform and our license with Synaffix B.V., or Synaffix, for intellectual property covering components included in the Dolasynthen platform, impose, and any future licenses, collaborations or other agreements we enter into are likely to impose, various development, commercialization, funding, milestone, royalty, diligence, sublicensing, insurance, patent prosecution, challenge and enforcement or other obligations on us. If we breach any of these obligations, or use the intellectual property licensed to us in an unauthorized manner, we may be required to pay damages and the licensor may have the right to terminate the license, including, in the case of our agreements agreement with Merck KGaA, the license for the rights covering the Immunosynthen and Dolaflexin platforms; platform; in the case of our agreement with GSK, the potential license for the rights covering XMT-2056; in the case of our agreement with Janssen, Johnson & Johnson, the license for the rights covering the Dolasynthen platform; in the case of our agreement with Recepta, the license for the rights covering the NaPi2b antibody in UpRi; and, in the case of our agreement with Synaffix, the license for the rights covering components in the Dolasynthen platform. In the case of our agreements with Merck KGaA, GSK, and Johnson & Johnson, any

such termination of the license agreement may result in the delay or termination of development of product candidates under the relevant agreement for which we may have otherwise been entitled to receive financial payments. In the case of our agreement with Synaffix B.V., any such termination of the license agreement could result in us being unable to develop, manufacture, sublicense and commercialize products covered by the licensed intellectual property such as products using the current Dolasynthen platform, including XMT-1660. Any of the foregoing could result in us being unable to develop, manufacture and sell products that are covered by the licensed intellectual property or enable a competitor to gain access to the licensed technology. Disputes may arise regarding intellectual property subject to a licensing, collaboration or other agreements, including:

- the scope of rights granted under the license agreement and other interpretation related issues;
- the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights under our collaborative development relationships;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the inventorship and ownership of inventions and know how resulting from the joint creation or use of intellectual property by our licensors and us and our collaborators; and
- the priority of invention of patented technology.

In addition, the agreements under which we currently license intellectual property or technology to or from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations and prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates.

In some circumstances, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering the technology that we license from third parties. For example, pursuant to our license agreement with Recepta, Ludwig Institute for Cancer Research Ltd., a co-owner of the intellectual property, retains control of such activities. Therefore, we cannot be certain that these patents and applications will be prosecuted, maintained and enforced in a manner consistent with the best interests of our business. If our licensors fail to obtain or maintain such intellectual property, or lose rights to such intellectual property, the rights we have licensed and our exclusivity may be reduced or eliminated and our right to develop and commercialize any of our products that are subject to such licensed rights could be adversely affected.

Moreover, our rights to our in-licensed patents and patent applications are dependent, in part, on inter-institutional or other operating agreements between the joint owners of such in-licensed patents and patent applications. If one or more of such joint owners breaches

such inter-institutional or operating agreements, our rights to such in-licensed patents and patent applications may be adversely affected. In addition, while we cannot currently determine the amount of the royalty obligations we would be required to pay on sales of future products, if any, the amounts may be significant. The amount of our future royalty obligations will depend on the technology and intellectual property we use in products that we successfully develop and commercialize, if any. Therefore, even if we successfully develop and commercialize products, we may be unable to achieve or maintain profitability. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant program or product candidate and our business, financial condition, results of operations and prospects could suffer.

We may become involved in lawsuits to protect or enforce our intellectual property or to defend against intellectual property claims, which could be expensive, time consuming and unsuccessful.

Competitors and other third parties may infringe our patents or misappropriate or otherwise violate our owned and in-licensed intellectual property rights. To counter infringement or unauthorized use, litigation or other intellectual property proceedings may be necessary to enforce or defend our owned and in-licensed intellectual property rights, to protect our confidential information and trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. Such litigation or proceedings can be expensive and time consuming, and any such claims could provoke defendants to assert counterclaims against us, including claims alleging that we infringe their patents or other intellectual property rights. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Many of our current and potential competitors have the ability to dedicate substantially greater resources to litigate intellectual property rights than we can and have more mature and developed intellectual property portfolios. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. Even if resolved in our favor, litigation or other intellectual property proceedings could result in substantial costs and diversion of management attention and resources, which could harm our business and financial results.

In addition, in a litigation or other proceeding, a court or administrative judge may decide that a patent owned by or licensed to us is invalid or unenforceable, or a court may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation or other proceeding could put one or more of our patents at risk of being invalidated, held unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation and other proceedings, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. During the course of any patent or other intellectual property litigation or other proceeding, there could be public announcements of the results of hearings, rulings on motions and other interim proceedings or developments and if securities analysts or investors regard these announcements as negative, the perceived value of our product candidates, programs or intellectual property could be diminished. Accordingly, the market price of our common stock may decline. Any of the foregoing could have a material adverse effect on our business, financial conditions, results of operations and prospects.

Third-party claims of intellectual property infringement or misappropriation may prevent or delay our development and commercialization efforts.

Our commercial success depends in part on our ability and the ability of our strategic collaborators to develop, manufacture, market and sell product candidates and use our proprietary technologies without infringing, misappropriating or otherwise violating the patents and proprietary rights of third parties. There is a substantial amount of litigation, both within and outside the United States, involving patent and other intellectual property rights in the biopharmaceutical industries, including patent infringement lawsuits, interferences, oppositions, reexamination, inter partes review, derivation and post grant review proceedings before the USPTO and corresponding foreign patent offices. Numerous U.S. and foreign issued patents and pending patent applications owned by third parties exist in the

fields in which we are developing and may develop our product candidates. As the biopharmaceutical industries expand and more patents are issued, the risk increases that our product candidates may be subject to claims of infringement of the patent rights of third parties.

Third parties may assert that we, our customers, licensees or parties indemnified by us are employing their proprietary technology without authorization or have infringed upon, misappropriated or otherwise violated their intellectual property or other rights, regardless of their merit. For example, we may be subject to claims that we are infringing the patent, trademark or copyright rights of third parties, or that our employees have misappropriated or divulged their former employers' trade secrets or confidential information. There may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of our product candidates, that we failed to identify. For example, applications filed before November 29, 2000 and certain applications filed after that date that will not be filed outside the United States remain confidential until issued as patents. Except for certain exceptions, including the preceding exceptions, patent applications in the United States and elsewhere are generally published only after a waiting period of approximately 18 months after the earliest filing, and sometimes not at all. Therefore, patent applications covering our platforms or our product candidates could have been filed by others without our knowledge. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our platforms, our product candidates or the use or manufacture of our product candidates.

Even if we believe a third party's claims against us are without merit, a court of competent jurisdiction could hold that such third party's patent is valid, enforceable and covers aspects of our product candidates, including the materials, formulations, methods of manufacture, methods of analysis, or methods for treatment, in which case, such third party would be able to block our ability to develop and commercialize the applicable technology or product candidate until such patent expired or unless we obtain a license and we may be required to pay such third-party monetary damages, which could be substantial. Such licenses may not be available on acceptable terms, if at all. Even if we were able to obtain a license, the rights may be nonexclusive, which could result in our competitors gaining access to the same intellectual property and it could require us to make substantial licensing and royalty payments. Ultimately, we could be prevented from commercializing a product, or be forced to cease some aspect of our business operations, if, as a result of actual or threatened patent infringement claims, we are unable to enter into licenses on acceptable terms.

Parties making claims against us may also obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize our technologies or one or more of our product candidates. Defending against claims of patent infringement, misappropriation of trade secrets or other violations of intellectual property could be costly and time consuming, regardless of the outcome. Thus, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated costs. In addition, litigation or threatened litigation could result in significant demands on the time and attention of our management team, distracting them from the pursuit of other company business. In the event of a successful claim of infringement against us, in addition to potential injunctive relief, we may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, pay royalties, redesign our infringing products or obtain one or more licenses from third parties, which may be impossible or require substantial time and monetary expenditure.

We may face a claim of misappropriation if a third party believes that we inappropriately obtained and used confidential information or trade secrets of such third party. If we are found to have misappropriated a third party's confidential information or trade secrets, we may be prevented from further using such confidential information or trade secrets, limiting our ability to develop our product candidates, we may be required to obtain a license to such confidential information, which may not be available on commercially reasonable terms or at all and may be non-exclusive, and we may be required to pay damages, which could be substantial. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to protect our intellectual property and proprietary rights throughout the world.

Filing, prosecuting and defending patents on product candidates in all countries throughout the world where we expect there to be significant markets for our products could be prohibitively expensive, and the laws of foreign countries may not protect our rights to the same extent as the laws of the United States. In addition, our intellectual property license agreements may not always include worldwide rights. For example, certain U.S. and foreign issued patents and patent applications are licensed to us by Recepta on a worldwide basis, except that Recepta retains exclusive rights in such patents and patent applications in Brazil. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection or licenses but enforcement is not as strong as that in the United States. These products may compete with our products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Additionally, the laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States, and many companies have encountered significant problems in protecting and defending such rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biotechnology, which could make it difficult for us to stop the infringement of our licensed and owned patents or marketing of competing products in violation of our intellectual property and proprietary rights generally. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing as patents, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property and proprietary rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our licensors is forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations and prospects may be adversely affected.

Confidentiality agreements with employees and third parties may not prevent unauthorized disclosure of trade secrets and other proprietary information.

In addition to the protection afforded by patents, we rely on protection of our confidential know-how, including through trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or that we elect not to patent, processes for which patents are difficult to enforce and any other elements of our platform technology and discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents. However, confidential know-how, including trade secrets, can be difficult to protect. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our employees, consultants and outside scientific advisors, contractors and collaborators. We cannot guarantee that we have entered into such agreement with each party that may have or have had access to our trade secrets or proprietary technology and processes. Additionally, our confidentiality agreements and other contractual protections may not be adequate to protect our intellectual property from unauthorized disclosure, third-party infringement or misappropriation. We may not have adequate remedies in the case of a breach of any such agreements, and our trade secrets and other proprietary information could be disclosed to our competitors or others may independently develop substantially equivalent or superior proprietary information and techniques or otherwise gain access to our trade secrets or disclose such technologies.

Enforcing a claim that a third party illegally obtained and is using any of our confidential know-how or trade secrets is expensive and time consuming, and the outcome is unpredictable. In addition, some courts outside and within the United States sometimes are less willing to protect trade secrets. Misappropriation or unauthorized disclosure of our confidential know-how and trade secrets could impair our competitive position and may have a material adverse effect on our business.

We may be subject to claims by third parties asserting that our licensors, employees, consultants, advisors or we have misappropriated their intellectual property, or claiming ownership of what we regard as our own intellectual property.

Many of our and our licensors' employees, including our senior management, consultants or advisors are currently, or previously were, employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Some of these employees, including members of our senior management, executed proprietary rights, non-disclosure and non-competition agreements, or similar agreements, in connection with such previous employment. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. Litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel or sustain damages. Such intellectual property rights could be awarded to a third party, and we could be required to obtain a license from such third party to commercialize our technology or products. Such a license may not be available on commercially reasonable terms or at all. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management. Any of the foregoing may have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property.

If we do not obtain patent term extension and data exclusivity for any product candidates we may develop, our business may be materially harmed.

Depending upon the timing, duration and specifics of any FDA marketing approval of any product candidates we may develop, one or more of our owned or in-licensed U.S. patents may be eligible for limited patent term extension extensions, for example, in the United States under the Drug Price Competition and Patent Term Restoration Act of 1984, or Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent term extension of up to five years as compensation for the patent term lost during the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended and only those claims covering the approved drug, a method for using it or a method for manufacturing it may be extended. However, we may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations and prospects could be materially harmed.

In addition to patent and other intellectual property protection, we may seek market and data exclusivity for our biological product candidates subject to the biologics license application, or BLA, process at the FDA, which is currently 12 years in the United States, 10

years in Europe and other durations in other countries, where available. The term of the patents covering our product candidates may not extend beyond the data and market exclusivities. There is a risk that this data and market exclusivity could be shortened due to legislative action in the United States or other countries where such protection is currently available, potentially creating the risk that biosimilar competition could enter the market sooner than anticipated. In addition, the extent to which any biosimilar competitive product, once approved, may be substituted for our relevant reference product is not yet clear, and will depend on many market and regulatory factors which are uncertain.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by government patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other government fees on patents and patent applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our owned or licensed patents and applications. In We rely on outside counsel and other professional advisors to help us comply with these requirements, and in certain circumstances, we rely on our licensing partners to pay these fees due to U.S. and non-U.S. patent agencies. The USPTO and various non-U.S. government agencies require compliance with several procedural, documentary, fee payment and other similar provisions during the patent application process. We Here too, we rely on outside counsel and other professional advisors to help us comply with these requirements, and in certain circumstances, we are also dependent on our licensors to take the necessary action to comply with these requirements with respect to our licensed intellectual property. In some cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in a partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market with similar or identical products or technology, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Intellectual property rights do not necessarily address all potential threats.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to make ADC products that are similar to any product candidates we may develop or utilize similar ADC-related technology but that are not covered by the claims of the patents that we license or may own in the future;

- we, or our license partners or current or future strategic collaborators, might not have been the first to make the inventions covered by the issued patent or pending patent application that we license or may own in the future;

- we, or our license partners or current or future strategic collaborators, might not have been the first to file patent applications covering certain of our or their inventions;

- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our owned or licensed intellectual property rights;

- it is possible that our pending licensed patent applications or those that we may own in the future will not lead to issued patents;
- issued patents that we hold rights to may be held invalid or unenforceable, including as a result of legal challenges by our competitors;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable;
- the patents of others may harm our business; and
- we may choose not to file a patent in order to maintain certain trade secrets or confidential know how, and a third party may subsequently file a patent covering such intellectual property.

Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to Regulatory Approval and Other Legal Compliance Matters

Even if we complete the necessary preclinical studies and clinical trials, the regulatory approval process is expensive, time consuming and uncertain and may prevent us from obtaining approvals for the commercialization of some or all of our product candidates. As a result, we cannot predict when or if, and in which territories, we will obtain marketing approval to commercialize a product candidate.

The research, testing, manufacturing, labeling, approval, selling, marketing, promotion and distribution of products are subject to extensive regulation by the FDA and comparable foreign regulatory authorities. We are not permitted to market our product candidates in the United States or in other countries until we receive approval of a BLA from the FDA or marketing approval from applicable regulatory authorities outside the United States. Our product candidates are in various stages of development and are subject to the risks of failure inherent in development. We have not submitted an application for or received marketing approval for any of our product candidates in the United States or in any other jurisdiction. Additionally, we have no experience as a company in filing and supporting the applications necessary to gain marketing approvals and expect to rely on third-party CROs to assist us in this process.

The process of obtaining marketing approvals, both in the United States and abroad, is lengthy, expensive and uncertain. It may take many years, if approval is obtained at all, and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved. Securing marketing approval requires the submission of extensive preclinical and clinical data and supporting information, including manufacturing information, to regulatory authorities for each therapeutic indication to establish the product candidate's safety and efficacy. The FDA or other regulatory authorities may determine that our product candidates are not safe and effective, only moderately effective or have undesirable or unintended side effects, toxicities or other characteristics that preclude our obtaining marketing approval or prevent or limit commercial use.

Further, under the Pediatric Research Equity Act, or PREA, a BLA or supplement to a BLA for certain biological products must contain data to assess the safety and effectiveness of the biological product in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective,

unless the sponsor receives a deferral or waiver from the FDA. A deferral may be granted for several reasons, including a finding that the product or therapeutic candidate is ready for approval for use in adults before pediatric trials are complete or that additional safety or effectiveness data needs to be collected before the pediatric trials begin. The applicable legislation in the European Union also requires sponsors to either conduct clinical trials in a pediatric population in accordance with a Pediatric Investigation Plan approved by the Pediatric Committee of the EMA or to obtain a waiver or deferral from the conduct of these studies by this Committee. For any of our product candidates for which we are seeking regulatory approval in the United States or the European Union, we cannot guarantee that we will be able to obtain a waiver or alternatively complete any required studies and other requirements in a timely manner, or at all, which could result in associated reputational harm and subject us to enforcement action.

In addition, changes in marketing approval policies during the development period, changes in or the enactment or promulgation of additional statutes, regulations or guidance or changes in regulatory review for each submitted product application, may cause delays in the approval or rejection of an application. For example, in December 2022, with the passage of FDORA, Congress required sponsors to develop and submit a diversity action plan for each Phase 3 clinical trial or any other “pivotal study” of a new drug or biological product. These plans are meant to encourage the enrollment of more diverse patient populations in late-stage clinical trials of FDA-regulated products. Further, in January 2022, the new Clinical Trials Regulation (EU) No 536/2014 became effective in the European Union and replaced the prior Clinical Trials Directive 2001/20/EC. This regulation aims at simplifying and streamlining the authorization, conduct and transparency of clinical trials in the European Union. Under the coordinated procedure for the approval of clinical trials, the sponsor of a clinical trial to be conducted in more than one EU Member State will only be required to submit a single application for approval. The submission will be made through the Clinical Trials Information System, a clinical trials portal overseen by the EMA and available to clinical trial sponsors, competent authorities of the EU Member States and the public.

Regulatory authorities have substantial discretion in the approval process and varying interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent marketing approval of a product candidate. Any marketing approval we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the approved product not commercially viable.

Finally, our ability to develop and market new drug products may be threatened by ongoing litigation challenging the FDA’s approval of mifepristone. Specifically, on April 7, 2023, the U.S. District Court for the Northern District of Texas invalidated the approval by the FDA of mifepristone, a drug product which was originally approved in 2000 and the distribution of which is governed by various measures adopted under a REMS. In reaching that decision, the district court made a number of findings that numerous representatives of the pharmaceutical and biotechnology industry believe will chill the development, approval and distribution of new drug products in the United States. Among other determinations, the district court substituted its scientific judgement for that of the FDA and it held that the FDA must provide a special justification for any differences between an approved drug’s labeling and the conditions that existed in the drug’s clinical trials. Further, the district court read the jurisdictional requirements governing litigation in federal court so as to potentially allow virtually any party to bring a lawsuit against the FDA in connection with its decision to approve an NDA or BLA or establish requirements under a REMS.

On April 13, 2023, the district court decision was stayed, in part, by the U.S. Court of Appeals for the Fifth Circuit. Thereafter, on April 21, 2023, the U.S. Supreme Court entered a stay pending disposition of the appeal of the district court decision in the Court of Appeals for the Fifth Circuit or the Supreme Court. The Court of Appeals for the Fifth Circuit held oral arguments in the case on May 17, 2023 and, on August 16, 2023, issued its decision. The court declined to order the removal of mifepristone from the market, finding that a challenge to the FDA’s initial approval in 2000 is barred by the statute of limitations. But the Appeals Court did hold that changes allowing for expanded access of mifepristone that the FDA authorized in 2016 and 2021 were arbitrary and capricious in violation of federal law. On September 8, 2023, the Justice Department and a manufacturer of mifepristone asked the U.S. Supreme Court to review the Appeals Court decision. Depending on the outcome of this litigation and the regulatory uncertainty it has engendered, our abilities to develop new

drug product candidates and to maintain an approval, if any, with respect to our existing drug product candidates and measures adopted under a REMS, if any, are at risk and could be delayed, undermined or subject to protracted litigation.

Failure to obtain marketing approval in foreign jurisdictions would prevent our product candidates from being marketed abroad. Any approval we may be granted for our product candidates in the United States would not assure approval of our product candidates in foreign jurisdictions and any of our product candidates that may be approved for marketing in a foreign jurisdiction will be subject to risks associated with foreign operations.

We intend to market our current product candidates, XMT-1660 and XMT-2056, if approved, in international markets either directly or through collaborations. In order to market and sell our products in the European Union and other foreign jurisdictions, we must obtain separate marketing approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ substantially from that required to obtain FDA approval. The marketing approval process outside the United States generally includes all of the risks associated with obtaining FDA approval. We may not obtain approvals from regulatory authorities outside the United States on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one regulatory authority outside the United States does not ensure approval by regulatory authorities in other countries or jurisdictions or by the FDA. We may file for marketing approvals but not receive necessary approvals to commercialize our products in any market.

In many countries outside the United States, a product candidate must also be approved for reimbursement before it can be sold in that country. In some cases, the price that we intend to charge for our products, if approved, is also subject to approval. Obtaining non-U.S. regulatory approvals and compliance with non-U.S. regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our product candidates in certain countries. In addition, if we fail to obtain the non-U.S. approvals required to market our product candidates outside the United States or if we fail to comply with applicable non-U.S. regulatory requirements, our target markets will be reduced and our ability to realize the full market potential of our product candidates will be harmed and our business, financial condition, results of operations and prospects may be adversely affected.

In addition, following the result of a referendum Additionally, we could face heightened risks with respect to obtaining marketing authorization in 2016, the United Kingdom left as a result of the withdrawal of the United Kingdom from the European Union, on January 31, 2020, commonly referred to as Brexit. After lapse of a transition period, the The United Kingdom is no longer part of the European Single Market and European Union EU Customs Union as of January 1, 2021. A trade and cooperation agreement that outlined the future trading relationship between the United Kingdom and the European Union was agreed to in December 2020 and entered into force on May 1, 2021. Union. As of January 1, 2021, the Medicines and Healthcare products Regulatory Agency, or the MHRA, became responsible for supervising medicines and medical devices in Great Britain, comprising England, Scotland and Wales under domestic law, whereas under the terms of the Northern Ireland will continue to be Protocol, Northern Ireland is currently subject to EU rules European Union rules. The United Kingdom and the European Union have, however, agreed to the Windsor Framework, which fundamentally changes the existing system under the Northern Ireland Protocol. The MHRA will rely on the Human Medicines Regulations 2012 (SI 2012/1916) (as amended), or the HMR, as the basis for regulating medicines. The HMR has incorporated into the domestic law of the body of EU law instruments governing medicinal products that pre-existed prior Protocol, including with respect to the United Kingdom's withdrawal from the European Union.

Since a significant proportion regulation of the regulatory framework for pharmaceutical medicinal products in the United Kingdom covering Kingdom. Once implemented, the quality, safety, and efficacy of pharmaceutical changes introduced by the Windsor Framework will see the MHRA be responsible for approving all medicinal products clinical trials, marketing authorization, commercial sales, and distribution of pharmaceutical products is derived from EU directives and regulations, Brexit may have a material impact upon the regulatory regime with respect to the development, manufacture, importation, approval and commercialization of our product candidates

in the United Kingdom. For example, destined for the United Kingdom is market (i.e., Great Britain and Northern Ireland), and the EMA will no longer covered by the centralized procedures have any role in approving medicinal products destined for obtaining EU-wide marketing authorization from the EMA, and a separate marketing authorization will be required to market our product candidates in the United Kingdom. Until December 31, 2023, it is possible for the MHRA to rely on a decision taken by the European Commission on the approval of a new marketing authorization via the centralized procedure. However, it is unclear whether the MHRA in the United Kingdom is sufficiently prepared to handle the increased volume of marketing authorization applications that it is likely to receive after such time. Northern Ireland. Any delay in obtaining, or an inability to obtain, any marketing approvals, authorizations, as a result of Brexit or otherwise, may force us to restrict or delay efforts to seek regulatory approval in the United Kingdom for our product candidates, which could significantly and materially harm our business.

In addition, foreign regulatory authorities may change their approval policies and new regulations may be enacted. For instance, the European Union pharmaceutical legislation is currently undergoing a complete review process, in the context of the Pharmaceutical Strategy for Europe initiative, launched by the European Commission in November 2020. The European Commission's proposal for revision of several legislative instruments related to medicinal products (potentially reducing the duration of regulatory data protection, revising the eligibility for expedited pathways, etc.) was published on April 26, 2023. The proposed revisions remain to be agreed and adopted by the European Parliament and European Council, and the proposals may, therefore, be substantially revised before adoption, which is not anticipated before early 2026. The revisions may, however, have a significant impact on the pharmaceutical industry and our business in the long term.

We expect that we will be subject to additional risks in commercializing any of our product candidates that receive marketing approval outside the United States, including tariffs, trade barriers and regulatory requirements; economic weakness, including inflation or political instability in particular foreign economies and markets; compliance with tax, employment, immigration and labor laws for employees living or traveling abroad; foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country; and workforce uncertainty in countries where labor unrest is more common than in the United States.

Any product candidate for which we obtain marketing approval is We plan to conduct clinical trials at sites outside the United States. The FDA may not accept data from trials conducted in such locations, and the conduct of trials outside the United States could subject us to ongoing regulation additional delays and could be subject expense.

We plan to restrictions conduct one or withdrawal more clinical trials with one or more trial sites that are located outside the United States. The acceptance by the FDA or other regulatory authorities of study data from the market, and we clinical trials conducted outside their jurisdiction may be subject to substantial penalties certain conditions or may not be accepted at all. In cases where data from foreign clinical trials are intended to serve as the sole basis for marketing approval in the United States, the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the United States population and United States medical practice; (ii) the trials were performed by clinical investigators of recognized competence and pursuant to GCP regulations and (iii) the data may be considered valid without the need for an on-site inspection by the FDA, or if we fail the FDA considers such inspection to comply be necessary, the FDA is able to validate the data through an on-site inspection or other appropriate means.

In addition, even where the foreign study data are not intended to serve as the sole basis for approval, the FDA will not accept the data as support for an application for marketing approval unless the study is well-designed and well-conducted in accordance with GCP requirements and the FDA is able to validate the data from the study through an onsite inspection if deemed necessary. Many foreign regulatory requirements, when authorities have similar approval requirements. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA or any comparable foreign regulatory authority will accept data from trials conducted outside of the United States or the applicable jurisdiction. If the FDA or any comparable foreign regulatory authority does not accept such data, it would result in the need for additional trials, which

could be costly and if any of our time-consuming, and which may result in current or future product candidates are approved. that we may develop not receiving approval for commercialization in the applicable jurisdiction.

Conducting clinical trials outside the U.S. also exposes us to additional risks, including risks associated with:

- additional foreign regulatory requirements;
- foreign exchange fluctuations;
- compliance with foreign manufacturing, customs, shipment and storage requirements;
- cultural differences in medical practice and clinical research;
- diminished protection of intellectual property in some countries; and
- interruptions or delays in our trials resulting from geopolitical events, such as war or terrorism.

Any product candidate for which we obtain marketing regulatory approval to market our products will be subject to continual requirements of and review limited by the FDA and other regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, cGMP requirements relating to quality control and manufacturing, quality assurance and corresponding maintenance of records and documents, and requirements regarding the distribution of samples to physicians and recordkeeping. In addition, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the medicine, including the requirement to implement a risk evaluation and mitigation strategy. Accordingly, if we receive marketing approval for one or more of our product candidates, we will continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production, product surveillance and quality control. indication. If we fail to comply with these requirements, or are found to be in violation of FDA regulations restricting the promotion of our products for unapproved uses, we could have the marketing approvals for our products withdrawn by regulatory authorities and our ability to market any products could be limited, which could adversely affect our ability to achieve or sustain profitability.

We must also comply with requirements concerning advertising and promotion for any of our product candidates for which we obtain marketing approval. Promotional communications with respect to prescription products are subject to a variety of legal criminal penalties, substantial fines or other sanctions and regulatory restrictions and must be consistent with damage awards.

The regulations relating to the information in the product's approved labeling. Thus, we will not be able to promote any products we develop for indications or uses for which they are not approved. The FDA and other agencies, including the Department of Justice, closely regulate and monitor the post-approval marketing and promotion of products for unapproved uses are complex and subject to ensure that they are marketed substantial interpretation by the FDA, EMA, MHRA and distributed only for the approved indications and in accordance with the provisions of the approved labeling. other government agencies. In September 2021, the FDA published final regulations which describe the types of evidence that the agency will consider in determining the intended use of a drug product. Physicians may nevertheless prescribe our products off-label to their patients in a manner that is inconsistent with the approved label. We intend to implement compliance and training programs designed to ensure that our sales and marketing practices comply with applicable regulations. Notwithstanding these programs, the FDA or biologic. In addition, other government agencies may allege or find that our practices constitute prohibited promotion of our products for unapproved uses. We also cannot be sure that our employees will comply with company policies and applicable regulations regarding the promotion of products for unapproved uses.

Notwithstanding the regulatory restrictions on off-label promotion, the FDA and other regulatory authorities allow companies to engage in truthful, non-misleading, and non-promotional scientific communications concerning their products in certain circumstances. For example, in October 2023, the FDA published draft guidance outlining the agency's non-binding policies governing the distribution of scientific information on unapproved uses to healthcare providers. This draft guidance calls for such communications to be truthful, non-misleading, factual, and unbiased and to include all information necessary for healthcare providers to interpret the strengths and weaknesses and validity and utility of the information about the unapproved use. Moreover, with passage of In addition, under some relatively recent guidance from the Pre-approval FDA and the Pre-Approval Information Exchange Act, or PIE Act, signed into law as part of the Consolidated Appropriations Act of 2023, companies may also promote information that is consistent with the prescribing information and proactively speak to formulary committee members of payors regarding data for an unapproved drug or unapproved uses of an approved drug. We may engage in December 2022, sponsors these discussions and communicate with healthcare providers, payors and other constituencies in compliance with all applicable laws, regulatory guidance and industry best practices. We will need to carefully navigate the FDA's various regulations, guidance and policies, along with recently enacted legislation, to ensure compliance with restrictions governing promotion of our products.

In recent years, a significant number of pharmaceutical and biotechnology companies have been the target of inquiries and investigations by various federal and state regulatory, investigative, prosecutorial and administrative entities in connection with the promotion of products that for unapproved uses and other sales practices, including the Department of Justice and various U.S. Attorneys' Offices, the Office of Inspector General of the Department of Health and Human Services, the FDA, the Federal Trade Commission, or the FTC, and various state Attorneys General offices. These investigations have not been approved may proactively communicate to payors certain information about products in development to help expedite patient access upon product approval. Violations alleged violations of various federal and state laws and regulations, including claims asserting antitrust violations, violations of the Federal Food, Drug and Cosmetic Act, or FDCA, the False Claims Act, the Prescription Drug Marketing Act and anti-kickback laws and other alleged violations in connection with the promotion of products for unapproved uses, pricing and Medicare and/or Medicaid reimbursement. Many of these investigations originate as "*qui tam*" actions under the False Claims Act. Under the False Claims Act, any individual can bring a claim on behalf of the government alleging that a person or entity has presented a false claim or caused a false claim to be submitted to the government for payment. The person bringing a *qui tam* suit is entitled to a share of any recovery or settlement. *Qui tam* suits, also commonly referred to as "whistleblower suits," are often brought by current or former employees. In a *qui tam* suit, the government must decide whether to intervene and prosecute the case. If it declines, the individual may pursue the case alone.

If the FDA or any other governmental agency initiates an enforcement action against us or if we are the subject of a *qui tam* suit and it is determined that we violated prohibitions relating to the promotion of products for unapproved uses, we could be subject to substantial civil or criminal fines or damage awards and other sanctions such as consent decrees and corporate integrity agreements pursuant to which our activities would be subject to ongoing scrutiny and monitoring to ensure compliance with applicable laws and regulations. Any such fines, awards or other sanctions would have an adverse effect on our revenue, business, financial prospects and reputation.

Any product for which we obtain marketing approval in the future could be subject to post-marketing restrictions or withdrawal from the market and we may be subject to substantial penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with any such product following approval.

Any product for which we obtain marketing approval, as well as the manufacturing processes, post-approval studies and measures, labeling, advertising and promotional activities for such product, among other things, will be subject to ongoing requirements of and review by the FDA and other regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, requirements relating to manufacturing, quality control, quality assurance

and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians and recordkeeping. Even if marketing approval of a product is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, including the requirement to implement a REMS.

The FDA may also impose requirements for costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of a product. The FDA and other agencies, including the Department of Justice, closely regulate and monitor the post-approval marketing and promotion of products to ensure that they are manufactured, marketed and distributed only for the approved indications and in accordance with the provisions of the approved labeling. The FDA imposes stringent restrictions on manufacturers' communications regarding off-label use and if we market any product for an indication that is not approved, we may be subject to warnings or enforcement action for off-label marketing. Violation of the FDCA and other statutes, including the False Claims Act, relating to the promotion and advertising of prescription products drugs may lead to investigations and enforcement actions alleging or allegations of violations of federal and state health care fraud and abuse laws as well as and state consumer protection laws.

Failure In addition, later discovery of previously unknown adverse events or other problems with any product for which we may obtain marketing approval and its manufacturers or manufacturing processes or failure to comply with regulatory requirements, may yield various results, including:

- restrictions on such products, product, manufacturers or manufacturing processes;
- restrictions on the labeling or marketing of a the product;
- restrictions on product distribution or use of a product; use;
- requirements to conduct post-marketing studies or clinical trials;
- warning letters or untitled letters;
- withdrawal of the products product from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of products; the product;
- damage to relationships with collaborators;
- unfavorable press restrictions on coverage and damage to our reputation; by third-party payors;
- fines, restitution or disgorgement of profits or revenues;
- suspension or withdrawal of marketing approvals;
- refusal to permit the import or export of our products; the product;
- product seizure; or

- injunctions or the imposition of civil or criminal penalties; and penalties.

• Finally, our ability to develop and market new drug products may be impacted by ongoing litigation involving challenging the FDA's approval of mifepristone. Specifically, on April 7, 2023, the U.S. District Court for the Northern District of Texas stayed the approval by the FDA of mifepristone, a drug product which was originally approved in 2000 and whose distribution is governed by various conditions adopted under a REMS. In reaching that decision, the district court made a number of findings that may negatively impact the development, approval and distribution of drug products in the U.S. Among other determinations, the district court held that plaintiffs were likely to prevail in their claim that FDA had acted arbitrarily and capriciously in approving mifepristone without sufficiently considering evidence bearing on whether the drug was safe to use under the conditions identified in its labeling. Further, the district court read the standing requirements governing litigation in federal court as permitting a plaintiff to bring a lawsuit against the FDA in connection with its decision to approve an NDA or establish requirements under a REMS based on a showing that the plaintiff or its members would be harmed to the extent that FDA's drug approval decision effectively compelled the plaintiffs to provide care for patients using our products.suffering adverse events caused by a given drug.

On April 12, 2023, the district court decision was stayed, in part, by the U.S. Court of Appeals for the Fifth Circuit. Thereafter, on April 21, 2023, the U.S. Supreme Court entered a stay of the district court's decision, in its entirety, pending disposition of the appeal of the district court decision in the Court of Appeals for the Fifth Circuit and the disposition of any petition for a writ of certiorari to or the Supreme Court. The Court of Appeals for the Fifth Circuit held oral argument in the case on May 17, 2023 and, on August 16, 2023, issued its decision. The court declined to order the removal of mifepristone from the market, finding that a challenge to the FDA's initial approval in 2000 is barred by the statute of limitations. But the Appeals Court did hold that plaintiffs were likely to prevail in their claim that changes allowing for expanded access of mifepristone that FDA authorized in 2016 and 2021 were arbitrary and capricious. On September 8, 2023, the Justice Department and a manufacturer of mifepristone filed petitions for a writ of certiorari, requesting that asked the U.S. Supreme Court to review the Appeals Court decision. On December 13, 2023, the Supreme Court granted these petitions for writ of certiorari for the appeals court decision. The Supreme Court heard oral arguments in this case on March 26, 2024, and a decision is expected in July 2024.

Similar restrictions apply to the approval of our products in the European Union. The holder of a marketing authorization is required to comply with a range of requirements applicable to the manufacturing, marketing, promotion and sale of medicinal products. These include include: compliance with the European Union's stringent pharmacovigilance or safety reporting rules, which can impose post-authorization studies and additional monitoring obligations; the manufacturing of authorized medicinal products, for which a separate manufacturer's license is mandatory; and the marketing and promotion of authorized drugs, which are strictly regulated in the European Union and are also subject to EU Member State laws. The failure to comply with these and other EU requirements can also lead to significant penalties and sanctions.

Accordingly, assuming we, or our collaborators, receive marketing approval for one or more of our product candidates, we, and our collaborators, and our and their contract manufacturers will continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production, product surveillance and quality control. If we, and our collaborators, are not able to comply with post-approval regulatory requirements, our or our collaborators' ability to market any future products could be limited, which could adversely affect our ability to achieve or sustain profitability. Further, the cost of compliance with post-approval regulations may have a negative effect on our operating results and financial condition.

We may seek certain designations for our product candidates, including but not limited to Breakthrough Therapy, Fast Track and Priority Review designations in the United States, and PRIority Medicines, or PRIME, Designation in the European Union, but we might not receive such designations, and even if we do, such designations may not lead to a faster development or regulatory review or approval process.

We have in the past sought and may also in the future seek certain designations for one or more of our product candidates that could expedite review and approval by the FDA. A Breakthrough Therapy product is defined as a product that is intended, alone or in combination with one or more other products, to treat a serious condition, and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For products that have been designated as Breakthrough Therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens.

The FDA may also designate a product for Fast Track review if it is intended, whether alone or in combination with one or more other products, for the treatment of a serious or life threatening disease or condition, and it demonstrates the potential to address unmet medical needs for such a disease or condition. For Fast Track products, sponsors may have greater interactions with the FDA and the FDA may initiate review of sections of a Fast Track product's application before the application is complete. This rolling review may be available if the FDA determines, after preliminary evaluation of clinical data submitted by the sponsor, that a Fast Track product may be effective. The FDA has granted Fast Track designation for XMT-1660 for the treatment of adult patients with advanced or metastatic triple-negative breast cancer.

We may also seek a priority review designation for one or more of our product candidates. If the FDA determines that a product candidate offers major advances in treatment or provides a treatment where no adequate therapy exists, the FDA may designate the product candidate for priority review. A priority review designation means that the goal for the FDA to review an application is six months, rather than the standard review period of ten months.

These designations are within the discretion of the FDA. Accordingly, even if we believe that one of our product candidates meets the criteria for these designations, the FDA may disagree and instead determine not to make such designation. Further, even if we receive a designation, the receipt of such designation for a product candidate may not result in a faster development or regulatory review or approval process compared to products considered for approval under conventional FDA procedures and does not assure ultimate approval by the FDA. In addition, even if one or more of our product candidates qualifies for these designations, the FDA may later decide that the product candidates no longer meet the conditions for qualification or decide that the time period for FDA review or approval will not be shortened.

In the European Union, we may seek PRIME designation for our product candidates in the future. PRIME is a voluntary program aimed at enhancing the EMA's role to reinforce scientific and regulatory support in order to optimize development and enable accelerated assessment of new medicines that are of major public health interest with the potential to address unmet medical needs. The program focuses on medicines that target conditions for which there exists no satisfactory method of treatment in the European Union or even if such a method exists, it may offer a major therapeutic advantage over existing treatments. PRIME is limited to medicines under development and not authorized in the European Union, and the applicant intends to apply for an initial marketing authorization application through the centralized procedure. To be accepted for PRIME, a product candidate must meet the eligibility criteria in respect of its major public health interest and therapeutic innovation based on information that is capable of substantiating the claims.

The benefits of a PRIME designation include the appointment of a Committee for Medicinal Products for Human Use, or CHMP, rapporteur to provide continued support and help to build knowledge ahead of a marketing authorization application, early dialogue and scientific advice at key development milestones, and the potential to qualify products for accelerated review, meaning reduction in the review time for an opinion on approvability to be issued earlier in the application process. PRIME enables an applicant to request parallel EMA scientific advice and health technology assessment advice to facilitate timely market access. Even if we receive PRIME designation for any of our product candidates, the designation may not result in a materially faster development process, review or approval compared to conventional EMA procedures. Further, obtaining PRIME designation does not assure or increase the likelihood of EMA's grant of a marketing authorization.

We have received an orphan drug designation for XMT-2056, but we may not be able to obtain orphan drug exclusivity for any additional product candidates, and even if we do, that exclusivity may not prevent the FDA or EMA from approving other competing products.

Under the Orphan Drug Act, the FDA may designate a product as an orphan drug if it is a drug or biologic intended to treat a rare disease or condition. A similar regulatory scheme governs approval of orphan products by the EMA in the European Union. Generally, if a product candidate with an orphan drug designation subsequently receives the first marketing approval for the indication for which it has such designation, the product is entitled to a period of marketing exclusivity, which precludes the FDA or EMA from approving another marketing application for the same product for the same therapeutic indication for that time period. The applicable period is seven years in the United States and ten years in the European Union. The exclusivity period in the European Union can be reduced to six years if a product no longer meets the criteria for orphan drug designation, in particular if the product is sufficiently profitable so that market exclusivity is no longer justified.

In order for the FDA to grant orphan drug exclusivity to one of our products, the agency must find that the product is indicated for the treatment of a condition or disease with a patient population of fewer than 200,000 individuals annually in the United States. The FDA may conclude that the condition or disease for which we seek orphan drug exclusivity does not meet this standard. Even if we obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different products can be approved for the same condition. In particular, the concept of what constitutes the "same drug" for purposes of orphan drug exclusivity remains in flux in the context of gene therapies, and the FDA issued final guidance suggesting that it would not consider two genetic medicine products to be different drugs solely based on minor differences in the transgenes or vectors within a given vector class. In addition, even after an orphan drug is approved, the FDA can subsequently approve the same product for the same condition if the FDA concludes that the later product is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care. Orphan drug exclusivity may also be lost if the FDA or EMA determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the product to meet the needs of the patients with the rare disease or condition. In May 2022, the FDA granted orphan drug designation to XMT-2056 for the treatment of patients with gastric cancer, but we may not be able to obtain orphan drug exclusivity for any additional product candidates in the future.

In 2017, Congress passed FDA Reauthorization Act of 2017, or FDARA. FDARA, among other things, codified the FDA's pre-existing regulatory interpretation, to require that a drug sponsor demonstrate the clinical superiority of an orphan drug that is otherwise the same as a previously approved drug for the same rare disease in order to receive orphan drug exclusivity. Under Omnibus legislation signed by President Trump on December 27, 2020, the requirement for a product to show clinical superiority applies to drugs and biologics that received orphan drug designation before enactment of FDARA in 2017 but have not yet been approved or licensed by the FDA.

The FDA and Congress may further reevaluate the Orphan Drug Act and its regulations and policies. This may be particularly true in light of a decision from the Court of Appeals for the 11th Circuit in September 2021 finding that, for the purpose of determining the scope of exclusivity, the term “same disease or condition” means the designated “rare disease or condition” and could not be interpreted by the FDA to mean the “indication or use.” The court concluded that orphan drug exclusivity applies to the entire designated disease or condition rather than the “indication or use.” Although there have been legislative proposals to overrule this decision, they have not been enacted into law. On January 23, 2023, the FDA announced that, in matters beyond the scope of that court order, the FDA will continue to apply its existing regulations tying orphan-drug exclusivity to the uses or indications for which the orphan drug was approved. We do not know if, when, or how the FDA or Congress may change the orphan drug regulations and policies in the future, and it is uncertain how any changes might affect our business. Depending on what changes the FDA may make to its orphan drug regulations and policies, we may lose any expected benefits of the orphan drug designation we have received for XMT-2056, and our business could be adversely impacted.

Inadequate funding for the FDA, the SEC and other government agencies, including from government shut downs, or other disruptions to these agencies’ operations, could hinder their ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal business functions on which the operation of our business may rely, which could negatively impact our business.

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel and accept the payment of user fees, and statutory, regulatory and policy changes. Average review times at the agency have fluctuated in recent years as a result. Disruptions at the FDA and other agencies may also slow the time necessary for new product candidates to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. In addition, government funding of the SEC and other government agencies on which our operations may rely, including those that fund research and development activities, is subject to the political process, which is inherently fluid and unpredictable.

Disruptions at the FDA, EMA and other agencies may also slow the time necessary for new product candidates drugs to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several in recent years, including in 2018 and 2019, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA and the SEC, have had to furlough critical FDA, SEC and other government employees and stop critical activities. If a prolonged government shutdown occurs, it could significantly impact

In addition, disruptions may result from events similar to the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business. Further, future government shutdowns could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations.

The same is true of disruptions related to public health emergencies that have occurred or that may occur in the future. For example, during COVID-19 pandemic. During the COVID-19 pandemic, a number of companies announced receipt of complete response letters due to the FDA’s inability to complete required inspections for their applications. The FDA has now indicated that it can and will conduct timely reviews of applications for medical products in line with its user fee performance goals, including conducting mission critical domestic and foreign inspections to ensure compliance of manufacturing facilities with FDA quality standards. However, in In the event of a resurgence of the COVID-19 pandemic or another similar public health emergency in the future, the FDA may not be able to continue

its current pace and review timelines could be extended. Regulatory authorities outside the United States facing similar circumstances may adopt similar restrictions or other policy measures in response to future emergencies a similar public health emergency and may also experience delays in their regulatory activities.

Accordingly, if a prolonged government shutdown or other disruption occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business. Future shutdowns or other disruptions could also affect other government agencies such as the SEC, which may also impact our business by delaying review of our public filings, to the extent such review is necessary, and our ability to access the public markets.

We may conduct future clinical trials for our product candidates at sites outside of the United States. The FDA may not accept data from trials conducted in such locations, or the complexity of regulatory burdens may otherwise adversely impact us.

We plan to continue to conduct clinical trials for our current and future product candidates outside of the United States. Although the FDA may accept data from clinical trials conducted outside the United States, acceptance of these data is subject to conditions imposed by the FDA. For example, the clinical trial must be well designed and conducted and be performed by qualified investigators in accordance with GCPs. If the foreign data is the sole basis for a marketing application, then the data must be applicable to the U.S. population and U.S. medical practice in ways that the FDA deems clinically meaningful and the FDA must be able to validate the data through an on-site inspection, if necessary. In addition, while these clinical trials are subject to the applicable local laws, FDA acceptance of the data will depend on its determination that the trials also complied with all applicable U.S. laws and regulations. If the FDA does not accept the data from any clinical trial that we conduct outside the United States, it would likely result in the need for additional clinical trials, which would be costly and time-consuming and could delay or permanently halt our development of the applicable product candidates.

Our ability to successfully initiate, enroll and complete a clinical trial in any country outside of the United States is subject to numerous additional risks unique to conducting business in jurisdictions outside the United States, including:

- difficulty in establishing or managing relationships with qualified CROs, physicians and clinical trial sites;
- different local standards for the conduct of clinical trials;
- difficulty in complying with various and complex import laws and regulations when shipping drug to certain countries;
- the potential burden of complying with a variety of laws, medical standards and regulatory requirements, including the regulation of pharmaceutical and biotechnology products and treatments;
- lack of consistency in standard of care from country to country;
- diminished protection of intellectual property in some countries;
- foreign exchange fluctuations;
- cultural differences in medical practice and clinical research; and
- changes in country or regional regulatory requirements.

Further, if we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies governing clinical trials, our development plans may be impacted. For example, in December 2022, with the passage of the FDORA, Congress

required sponsors to develop and submit a diversity action plan for each phase 3 clinical trial or any other “pivotal study” of a new drug or biological product. These plans are meant to encourage the enrollment of more diverse patient populations in late-stage clinical trials of FDA-regulated products. Similarly, the regulatory landscape related to clinical trials in the European Union recently evolved. The EU Clinical Trials Regulation, or CTR, which was adopted in April 2014 and repeals the EU Clinical Trials Directive, became applicable on January 31, 2022. While the Clinical Trials Directive required a separate clinical trial application, or CTA, to be submitted in each member state, to both the competent national health authority and an independent ethics committee, the CTR introduces a centralized process and only requires the submission of a single application to all member states concerned. The CTR allows sponsors to make a single submission to both the competent authority and an ethics committee in each member state, leading to a single decision per member state.

In addition, the current conflict between Russia and Ukraine may also have an impact on our ability to successfully conduct trials outside of the United States. For example, we do business with a CRO that has had employees and operations in Ukraine that have been adversely impacted by Russian hostilities, though such employees and operations are not directly involved with our clinical trials. If we have difficulty conducting our clinical trials in jurisdictions outside the United States as planned, we may need to delay, limit or terminate ongoing or planned clinical trials, any of which could have a material adverse effect on our business.

Accelerated approval by the FDA, even if granted for any of our current or future product candidates, may not lead to a faster development or regulatory review or approval process and it does not increase the likelihood that our product candidates will receive marketing approval.

We may seek approval of any of our current and future product candidates using the FDA’s accelerated approval pathway. A product may be eligible for accelerated approval if it treats a serious or life-threatening condition, generally provides a meaningful advantage over available therapies, and demonstrates an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit. The FDA or other applicable regulatory agency makes the determination regarding whether a surrogate endpoint is reasonably likely to predict long-term clinical benefit.

Prior to seeking such accelerated approval, we will seek feedback from the FDA and otherwise evaluate our ability to seek and receive such accelerated approval. As a condition of approval, the FDA requires that a sponsor of a product receiving accelerated approval perform an adequate and well-controlled post-marketing confirmatory clinical trial or trials. These confirmatory trials must be completed with due diligence and we may be required to evaluate different or additional endpoints in these post-marketing confirmatory trials. These confirmatory trials may require enrollment of more patients than we currently anticipate and will result in additional costs, which may be greater than the estimated costs we currently anticipate. In addition, the FDA currently requires as a condition for accelerated approval preapproval of promotional materials, which could adversely impact the timing of the commercial launch of the product.

There can be no assurance that the FDA will agree with any proposed surrogate endpoints or that we will decide to pursue or submit a BLA for accelerated approval or any other form of expedited development, review or approval for any of our current or future product candidates. Similarly, there can be no assurance that, after feedback from FDA, we will continue to pursue or apply for accelerated approval or any other form of expedited development, review or approval, even if we initially decide to do so. Furthermore, if we decide to submit an application for accelerated approval or under another expedited regulatory designation, there can be no assurance that such submission or application will be accepted or that any expedited review or approval will be granted on a timely basis, or at all.

The FDA may withdraw approval of a product candidate approved under the accelerated approval pathway if, for example, the trial required to verify the predicted clinical benefit of our product candidate fails to verify such benefit or does not demonstrate sufficient clinical benefit to justify the risks associated with the drug. The FDA may also withdraw approval if other evidence demonstrates that our product candidate is not shown to be safe or effective under the conditions of use, we fail to conduct any required post approval trial of our product candidate with due diligence or we disseminate false or misleading promotional materials relating to our product candidate. A

failure to obtain accelerated approval or any other form of expedited development, review or approval for our product candidates, or withdrawal of a product candidate, would result in a longer time period for commercialization of such product candidate, could increase the cost of development of such product candidate and could harm our competitive position in the marketplace.

With passage of the Food and Drug Omnibus Reform Act, or FDORA, in December 2022, Congress modified certain provisions governing accelerated approval of drug and biologic products. Specifically, the new legislation authorized the FDA to: require a sponsor to have its confirmatory clinical trial underway before accelerated approval is awarded, require a sponsor of a product granted accelerated approval to submit progress reports on its post-approval studies to the FDA every six months until the study is completed; and use expedited procedures to withdraw accelerated approval of a new drug application or BLA after the confirmatory trial fails to verify the product's clinical benefit. Further, FDORA requires the agency to publish on its website "the rationale for why a post-approval study is not appropriate or necessary" whenever it decides not to require such a study upon granting accelerated approval.

More recently, in March 2023, the FDA issued draft guidance that outlines its current thinking and approach to accelerated approval. The FDA indicated that the accelerated approval pathway is commonly used for approval of oncology drugs due to the serious and life-threatening nature of cancer. Although single-arm trials have been commonly used to support accelerated approval, a randomized controlled trial is the preferred approach as it provides a more robust efficacy and safety assessment and allows for direct comparisons to an available therapy. To that end, the FDA outlined considerations for designing, conducting, and analyzing data for trials intended to support accelerated approvals of oncology therapeutics. While this guidance is currently only in draft form and will not be legally binding even when finalized, we will need to consider the FDA's guidance closely if we seek accelerated approval for any of our products.Accordingly, products. Accordingly, even if we do receive accelerated approval, we may not experience a faster development or regulatory review or approval process, and receiving accelerated approval does not provide assurance of ultimate full FDA approval.

In the EU, a "conditional" marketing authorization may be granted in cases where all the required safety and efficacy data are not yet available. A conditional marketing authorization is subject to conditions to be fulfilled for generating missing data or ensuring increased safety measures. A conditional marketing authorization is valid for one year and has to be renewed annually until fulfillment of all relevant conditions. Once the applicable pending studies are provided, a conditional marketing authorization can become a "standard" marketing authorization. However, if the conditions are not fulfilled within the timeframe set by the EMA, the marketing authorization will cease to be renewed.

If we are required by the FDA, EMA or comparable regulatory authority to obtain clearance or approval of a companion diagnostic test in connection with approval of any of our product candidates or a group of therapeutic products, and we do not obtain or we face delays in obtaining clearance or approval of a diagnostic test, we may not be able to commercialize the product candidate and our ability to generate revenue may be materially impaired.

Failure If we are required by the FDA, EMA or a comparable regulatory authority to successfully validate, develop and obtain regulatory clearance or approval for of a companion diagnostics could harm diagnostic test in connection with approval of any of our drug development strategy.

We may employ product candidates, such companion diagnostics to help us more accurately identify patients within a particular subset, both diagnostic test would be used during our more advanced phase clinical trials and as well as in connection with the commercialization of our product candidates. To be successful in developing and commercializing product candidates that in combination with these companion diagnostics, we are developing or may in the future develop. Companion diagnostics are subject our collaborators will need to regulation by address a number of scientific, technical, regulatory and logistical challenges. According to FDA guidance, if the FDA determines that a companion diagnostic device is essential to ensuring the safe and comparable effective use of a novel therapeutic product or new indication, the FDA generally will not approve the therapeutic product or new therapeutic product indication if the

companion diagnostic is not also approved or cleared. In certain circumstances (for example, when a therapeutic product is intended to treat a serious or life-threatening condition for which no satisfactory available therapy exists or when the labelling of an approved product needs to be revised to address a serious safety issue), however, the FDA may approve a therapeutic product without the prior or contemporaneous marketing authorization of a companion diagnostic. In this case, approval of a companion diagnostic may be a post-marketing requirement or commitment.

Co-development of companion diagnostics and therapeutic products is critical to the advancement of precision medicine. Whether initiated at the outset of development or at a later point, co-development should generally be conducted in a way that will facilitate obtaining contemporaneous marketing authorizations for the therapeutic product and the associated companion diagnostic. If a companion diagnostic is required to identify patients who are most likely to benefit from receiving the product, to be at increased risk for serious adverse events as a result of treatment with a particular therapeutic product, or to monitor response to treatment with a particular therapeutic product for the purpose of adjusting treatment to achieve improved safety or effectiveness, then the FDA has required marketing approval of all companion diagnostic tests essential for the safe and effective use of a therapeutic product for cancer therapies. Various foreign regulatory authorities also regulate in vitro companion diagnostics as medical devices and, under those regulatory frameworks, will likely require the conduct of clinical trials to demonstrate the safety and effectiveness of any future diagnostics we may develop, which we expect will require separate regulatory clearance or approval prior to commercialization in those countries.

The approval of a companion diagnostic as part of the therapeutic product's labeling limits the use of the therapeutic product to only those patients who express the specific genomic alteration or mutation alteration that the companion diagnostic was developed to detect. If the FDA, EMA or a comparable regulatory authority requires clearance or approval of a companion diagnostic for any of our product candidates, whether before, concurrently with approval, or clearance prior to commercialization. Given our limited experience in developing diagnostics, post-approval of the product candidate, we, may rely on third-party collaborators in developing and obtaining approval and/or clearance for these companion diagnostics. There can be no guarantees that we will successfully find a suitable collaborator to develop companion diagnostics. We and our future collaborators, may encounter difficulties in developing and obtaining clearance or approval for these companion diagnostics. The process of obtaining or creating such diagnostic is time consuming and costly. The FDA previously has required in vitro companion diagnostics intended to select the patients who will respond to a product candidate to obtain pre-market approval, or PMA, simultaneously with approval of the therapeutic candidate. The PMA process, including the gathering of preclinical and clinical data and the submission and review by the FDA, can take several years or longer. It involves a rigorous pre-market review during which the sponsor must prepare and provide FDA with reasonable assurance of the device's safety and effectiveness and information about the device and its components regarding, among other things, device design, manufacturing, and labeling. After a device is placed on the market, it remains subject to significant regulatory requirements, including requirements governing development, testing, manufacturing, distribution, marketing, promotion, labeling, import, export, record-keeping, and adverse event reporting.

Any delay or failure by us or third-party collaborators to develop or obtain regulatory clearance or approval of a companion diagnostic could delay or prevent approval or continued marketing of our related product candidates. Further, in April 2020, the FDA issued new guidance on developing and labeling companion diagnostics for a specific group of oncology therapeutic products, including recommendations to support a broader labeling claim rather than individual therapeutic products. We will continue to evaluate the impact of this guidance on our companion diagnostic development and strategy. This guidance and future issuances from the FDA, EMA and other regulatory authorities may impact our development of a companion diagnostic for our product candidates and could result in delays in regulatory clearance or approval or a change in the determination for whether or not a companion diagnostic is still required for our product candidates. We may be required to conduct additional studies to support a broader claim or more narrowed claim for a subset population. Also, to the extent other approved diagnostics are able to broaden their labeling claims to include any of our future approved product candidates covered indications, we may no longer need to continue our companion diagnostic development plans or we may

need to alter those companion diagnostic development strategies, which could adversely impact our ability to generate revenue from the sale of our companion diagnostic test.

Additionally, we may rely on third parties for the design, development and manufacture of companion diagnostics, including diagnostic tests for our product candidates. If we enter into such collaborative agreements, we will be dependent on the sustained cooperation and effort of our future collaborators in developing and obtaining clearance or approval for these companion diagnostics. It may be necessary to resolve issues relating to such as selectivity/specificity, analytical validation, reproducibility, or clinical validation. Any delay validation of companion diagnostics during the development and regulatory clearance or failure by us or our collaborators approval processes. Moreover, even if data from preclinical studies and early clinical trials appear to develop or obtain regulatory approval or clearance support development of a companion diagnostic for a product candidate, data generated in later clinical trials may fail to support the analytical and clinical validation of the companion diagnostic. We and our future collaborators may encounter difficulties in developing, obtaining regulatory clearance or approval for, manufacturing and commercializing companion diagnostics could delay similar to those we face with respect to our product candidates themselves, including issues with achieving regulatory clearance or prevent approval, production of sufficient quantities at commercial scale and with appropriate quality standards, and in gaining market acceptance.

If we are unable to successfully develop companion diagnostics for our product candidates, or experience delays in doing so, the development of our product candidates. In addition, we or candidates may be adversely affected, our collaborators product candidates may encounter production difficulties that could constrain the supply of the companion diagnostics, and both they not obtain marketing approval, and we may have difficulties gaining acceptance of not realize the use of the companion diagnostics in the clinical community. If such companion diagnostics fail to gain market acceptance, our ability to derive revenues from sales full commercial potential of any products, if approved, will of our product candidates that obtain marketing approval. As a result, our business, results of operations and financial condition could be adversely affected. materially harmed. In addition, any a diagnostic company with which whom we contract may decide to discontinue selling or manufacturing the companion diagnostic test that we anticipate using in connection with development and commercialization of our product candidates or our relationship with such diagnostic company may otherwise terminate. In such event, we We may not be able to enter into arrangements with another diagnostic company to obtain supplies of an alternative diagnostic test for use in connection with the development and commercialization of our product candidates or do so on commercially reasonable terms, which could adversely affect and/or delay the development co-development or commercialization of our companion diagnostic and therapeutic product candidates.

If approved, our product candidates that are licensed and regulated as biologics may face competition from biosimilars approved through an abbreviated regulatory pathway.

The BPCIA was enacted as part of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, or collectively, the ACA, to establish an abbreviated pathway for the approval of biosimilar and interchangeable biological products. The regulatory pathway establishes legal authority for the FDA to review and approve biosimilar biologics, including the possible designation of a biosimilar as “interchangeable” based on its similarity to an approved biologic.

Under the BPCIA, a reference biological product is granted 12 years of data exclusivity from the time of first licensure of the product, and the FDA will not accept an application for a biosimilar or interchangeable product based on the reference biological product until four years after the date of first licensure of the reference product In addition, the licensure of a biosimilar product may not be made effective by the FDA until 12 years from the date on which the reference product was first licensed. During this 12-year period of exclusivity, another company may still develop and receive licensure of a competing biologic, so long as its BLA does not reply on the reference product, sponsor’s data or submit the application as a biosimilar application.

We believe that any of the product candidates we develop as a biological product under a BLA should qualify for the 12-year period of exclusivity. However, there is a risk that this exclusivity could be shortened due to congressional action or otherwise, or that the FDA will not consider our product candidates to be reference products for competing products, potentially creating the opportunity for biosimilar competition sooner than anticipated. Moreover, the extent to which a biosimilar, once approved, will be substituted for any one of the reference products in a way that is similar to traditional generic substitution for non-biological products will depend on a number of marketplace and regulatory factors that are still developing. Nonetheless, the approval of a biosimilar to our product candidates would have a material adverse impact on our business due to increased competition and pricing pressure.

Our activities, including our interactions with healthcare providers, third party payors, patients and government officials, are, and will continue to be, subject to extensive regulation involving health care, anti-corruption, data privacy and security and consumer protection laws. Failure to comply with applicable laws could result in substantial penalties, contractual damages, reputational harm, diminished revenues and curtailment or restructuring of our operations.

Our activities may now or in the future be directly or indirectly subject to various federal and state laws related to health care, anti-corruption, data privacy and security consumer protection. If we obtain FDA approval for any of our product candidates and begin commercializing those products in the United States, our potential exposure under such laws will increase significantly, and our costs associated with compliance with such laws are also likely to increase. These laws include, but are not limited to:

- federal false claims, false statements and civil monetary penalties laws prohibiting, among other things, any person from knowingly presenting, or causing to be presented, a false claim for payment of government funds or knowingly making, or causing to be made, a false statement to get a false claim paid;

- the federal anti-kickback law, which prohibits, among other things, persons from offering, soliciting, receiving or providing any remuneration, directly or indirectly, to induce, either the referral of an individual for, or the purchasing or ordering of a good or service, for which payment may be made under federal health care programs such as the Medicare and Medicaid;

- the federal anti-kickback prohibition known as Eliminating Kickbacks in Recovery Act, enacted in 2018, which prohibits certain payments related to referrals of patients to certain providers (recovery homes, clinical treatment facilities and laboratories) and applies to services reimbursed by private health plans as well as government health care programs;

- the federal law known as Health Insurance Portability and Accountability Act of 1996, or HIPAA, which, in addition to privacy protections to healthcare providers and other entities, prohibits executing a scheme to defraud any healthcare benefit program (which may include private health plans) or making false statements relating to healthcare matters;

- the Food, Drug, and Cosmetic Act, which among other things, strictly regulates drug marketing, prohibits manufacturers from marketing such products for off-label use and regulates the distribution of samples;

- federal laws that require pharmaceutical manufacturers to report certain calculated product prices to the government or provide certain discounts or rebates to government authorities or private entities, often as a condition of reimbursement under

government healthcare programs;

- the so-called “federal sunshine” law, which requires pharmaceutical and medical device companies to monitor and report certain financial interactions with teaching hospitals, physicians and certain non-physician practitioners to the federal government for re-disclosure to the public;
- the privacy, security and breach provisions of HIPAA, which impose obligations on certain “covered entities” (healthcare providers, health plans and healthcare clearinghouses) and certain of their “business associate” contractors with respect to safeguarding the privacy, security and transmission of individually identifiable health information;
- federal and state laws and regulations, including state security breach notification laws, state health information privacy laws, and federal and state consumer protection laws, govern the collection, use, disclosure and protection of health-related and other personal information.
- federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers;
- the Foreign Corrupt Practices Act, or FCPA, a United States law which regulates certain financial relationships with foreign government officials (which could include, for example, certain medical professionals); and
- state law analogues of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including private health plans, state privacy laws, state consumer protection laws, and state laws regulating interactions between pharmaceutical manufacturers and healthcare providers, requiring disclosure of such financial interactions or mandating adoption of certain compliance standards, many of which differ from each other in significant ways and often are not preempted by federal laws, thus complicating compliance efforts.

In addition, the regulatory approval and commercialization of any of our product candidates outside the United States will also likely subject us to foreign equivalents of the health care laws mentioned above, among other foreign laws. Efforts to ensure that our business arrangements will comply with applicable health care laws may involve substantial costs. It is possible that governmental and enforcement authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law interpreting applicable fraud and abuse or other health care laws and regulations. If our operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including, without limitation, civil, criminal and administrative penalties, damages, monetary fines, disgorgement, possible exclusion from participation in Medicare, Medicaid and other federal health care programs, contractual damages, reputational harm, diminished profits and future earnings and curtailment or restructuring of our operations.

Current and future legislation may increase the difficulty and cost for us to obtain reimbursement for our product candidates.

In the United States and some foreign jurisdictions, there have been and continue to be a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could, among other things, prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell any products for which we obtain marketing approval. We expect that current laws, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we may receive for any approved products. If reimbursement of our products is unavailable or limited in scope, our business could be materially harmed.

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, or the PPACA, as amended by the Health Care and Education Affordability Reconciliation Act, collectively the ACA. In addition, other legislative changes have been proposed and adopted since the ACA was enacted. In August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. These changes included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, which went into effect in April 2013 and will remain in effect through 2031 under the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act. These Medicare sequester reductions were suspended and reduced through the end of June 2022, with the full 2% cut resuming thereafter.

Under current legislation, the actual reductions in Medicare payments may vary up to 4%. The Consolidated Appropriations Act, which was signed into law by President Biden in December 2022, made several changes to sequestration of the Medicare program. Section 1001 of the Consolidated Appropriations Act delays the 4% Statutory Pay-As-You-Go Act of 2010, or PAYGO, sequester for two years, through the end of calendar year 2024. Triggered by enactment of the American Rescue Plan Act of 2021, the 4% cut to the Medicare program would have taken effect in January 2023. The Consolidated Appropriation Act's health care offset title includes Section 4163, which extends the 2% Budget Control Act of 2011 Medicare sequester for six months into fiscal year 2032 and lowers the payment reduction percentages in fiscal years 2030 and 2031.

The American Taxpayer Relief Act of 2012, among other things, reduced Medicare payments to several providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These laws may result in additional reductions in Medicare and other healthcare funding and otherwise affect the prices we may obtain for any of our products or product candidates for which we may obtain regulatory approval or the frequency with which any such product is prescribed or used.

Since enactment of the ACA, there have been and continue to be, numerous legal challenges and Congressional actions to repeal and replace provisions of the law. For example, with enactment of the Tax Cuts for Jobs Act, or the Tax Act, in 2017, Congress repealed the "individual mandate." The repeal of this provision, which requires most Americans to carry a minimal level of health insurance, became effective in 2019. Further, on December 14, 2018 On June 17, 2021, a U.S. District Court judge in the Northern District of Texas ruled that the individual mandate portion of the ACA is an essential and inseverable feature of the ACA and therefore because the mandate was repealed as part of the Tax Act, the remaining provisions of the ACA are invalid as well. The U.S. Supreme Court heard this case dismissed the most recent challenge to the PPACA brought by several states without specifically ruling on November 10, 2020 and on June 17, 2021, dismissed this action after finding that the plaintiffs do not have standing to challenge the constitutionality of the ACA. PPACA. Litigation and legislation over the ACA are likely to continue, with unpredictable and uncertain results.

The Trump Administration also took executive actions to undermine or delay implementation of the ACA, including directing federal agencies with authorities and responsibilities under the ACA to waive, defer, grant exemptions from or delay the implementation of any provision of the ACA that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers or manufacturers of pharmaceuticals or medical devices. On January 28, 2021, however, President Biden revoked those orders and issued a new Executive Order which directs federal agencies to reconsider rules and other policies that limit Americans' access to health care and consider actions that will protect and strengthen that access. Under this order, federal agencies are directed to re-examine: policies

that undermine protections for people with pre-existing conditions, including complications related to COVID-19; demonstrations and waivers under Medicaid and the ACA that may reduce coverage or undermine the programs, including work requirements; policies that undermine the Health Insurance Marketplace or other markets for health insurance; policies that make it more difficult to enroll in Medicaid and the ACA; and policies that reduce affordability of coverage or financial assistance, including for dependents.

In the European Union, on December 13, 2021, Regulation No 2021/2282 on Health Technology Assessment, or HTA, amending Directive 2011/24/EU, was adopted. While the Regulation entered into force in January 2022, it will only begin to apply from January 2025 onwards, with preparatory and implementation-related steps to take place in the interim. Once applicable, it will have a phased implementation depending on the concerned products. The Regulation intends to boost cooperation among EU Member States in assessing health technologies, including new medicinal products as well as certain high-risk medical devices, and provide the basis for cooperation at the European Union level for joint clinical assessments in these areas. It will permit EU Member States to use common HTA tools, methodologies, and procedures across the European Union, working together in four main areas, including joint clinical assessment of the innovative health technologies with the highest potential impact for patients, joint scientific consultations whereby developers can seek advice from HTA authorities, identification of emerging health technologies to identify promising technologies early, and continuing voluntary cooperation in other areas. Individual EU Member States will continue to be responsible for assessing non-clinical (e.g., economic, social, ethical) aspects of health technology, and making decisions on pricing and reimbursement.

We expect that these healthcare reforms, as well as other healthcare reform measures that may be adopted in the future, may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, new payment methodologies and additional downward pressure on the price that we receive for any approved product and/or the level of reimbursement physicians receive for administering any approved product we might bring to market. Reductions in reimbursement levels may negatively impact the prices we receive or the frequency with which our products are prescribed or administered. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. Accordingly, such reforms, if enacted, could have an adverse effect on anticipated revenue from product candidates that we may successfully develop and for which we may obtain marketing approval and may affect our overall financial condition and ability to develop or commercialize product candidates.

The prices of prescription pharmaceuticals in the United States and foreign jurisdictions are subject to considerable legislative and executive actions and could impact the prices we obtain for our products, if and when licensed.

The prices of prescription pharmaceuticals have also been the subject of considerable discussion in the United States. There have been several recent U.S. congressional inquiries, as well as proposed and enacted state and federal legislation designed to, among other things, bring more transparency to pharmaceutical pricing, review the relationship between pricing and manufacturer patient programs, and reduce the costs of pharmaceuticals under Medicare and Medicaid. In 2020, President Trump issued several executive orders intended to lower the costs of prescription products and certain provisions in these orders have been incorporated into regulations. These regulations include an interim final rule implementing a most favored nation model for prices that would tie Medicare Part B payments for certain physician-administered pharmaceuticals to the lowest price paid in other economically advanced countries, effective January 1, 2021. That rule, however, has been subject to a nationwide preliminary injunction and, on December 29, 2021, the Center for Medicare & Medicaid Services, or CMS, issued a final rule to rescind it. With issuance of this rule, CMS stated that it will explore all options to incorporate value into payments for Medicare Part B pharmaceuticals and improve beneficiaries' access to evidence-based care.

In addition, in October 2020, the U.S. Department of Health and Human Services, or HHS, and the FDA published a final rule allowing states and other entities to develop a Section 804 Importation Program, or SIP, to import certain prescription drugs from Canada into the United States. That regulation was challenged in a lawsuit by the Pharmaceutical Research and Manufacturers of America, or PhRMA, but the case was dismissed by a federal district court in February 2023 after the court found that PhRMA did not have standing to sue

HHS. As of March 2023, eight Several states (Colorado, Florida, Maine, New Hampshire, New Mexico, North Dakota, Vermont and Wisconsin) have passed laws allowing for the importation of drugs from Canada. Six Certain of those these states have submitted Section 804 Importation Program proposals and are awaiting FDA approval. Further, on November 20, 2020 On January 5, 2023, HHS finalized the FDA approved Florida's plan for Canadian drug importation. The rule also creates a regulation removing new safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through reflected at the point-of-sale, as well as a new safe harbor for certain fixed fee arrangements between pharmacy benefit managers unless and manufacturers, the price reduction is required by law. The final rule would also eliminate the current safe harbor for Medicare drug rebates and create new safe harbors for beneficiary point-of-sale discounts and pharmacy benefit manager service fees. It was originally set to go into effect on January 1, 2022, but with passage implementation of the IRA, which has been delayed until January 1, 2032 by Congress to January 1, 2032.

the Inflation Reduction Act, or IRA.

On July 9, 2021, President Biden signed Executive Order 14063, which focuses on, among other things, the price of pharmaceuticals. The order directs the Department of Health and Human Services, or HHS to create a plan within 45 days to combat "excessive pricing of prescription pharmaceuticals and enhance domestic pharmaceutical supply chains, to reduce the prices paid by the federal government for such pharmaceuticals, and to address the recurrent problem of price gouging." On September 9, 2021, HHS released its plan to reduce pharmaceutical prices. The key features of that plan are to: (a) make pharmaceutical prices more affordable and equitable for all consumers and throughout the health care system by supporting pharmaceutical price negotiations with manufacturers; (b) improve and promote competition throughout the prescription pharmaceutical industry by supporting market changes that strengthen supply chains, promote biosimilars and generic drugs, and increase transparency; and (c) foster scientific innovation to promote better healthcare and improve health by supporting public and private research and making sure that market incentives promote discovery of valuable and accessible new treatments.

More recently, on August 16, 2022, the Inflation Reduction Act of 2022, or IRA was signed into law by President Biden. The new legislation has implications for Medicare Part D, which is a program available to individuals who are entitled to Medicare Part A or enrolled in Medicare Part B to give them the option of paying a monthly premium for outpatient prescription drug coverage. Among other things, the IRA requires manufacturers of certain drugs to engage in price negotiations with Medicare (beginning in 2026), with prices that can be negotiated subject to a cap; imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation (first due in 2023); and replaces the Part D coverage gap discount program with a new discounting program (beginning in 2025). The IRA permits the Secretary of the Department of Health and Human Service, or HHS to implement many of these provisions through guidance, as opposed to regulation, for the initial years.

Specifically, with respect to price negotiations, Congress authorized Medicare to negotiate lower prices for certain costly single-source drug and biologic products that do not have competing generics or biosimilars and are reimbursed under Medicare Part B and Part D. CMS may negotiate prices for ten high-cost drugs paid for by Medicare Part D starting in 2026, followed by 15 additional Medicare Part D drugs in 2027, 15 additional Medicare Part B or Part D drugs in 2028, and 20 additional Medicare Part B or Part D drugs per year in 2029 and beyond. This provision applies to drug products that have been approved for at least nine years and biologics that have been licensed for 13 years, but it does not apply to drugs and biologics that have been approved for a single rare disease or condition. Nonetheless, since CMS may establish a maximum price for these products in price negotiations, we would be fully at risk of government action if our products are the subject of Medicare price negotiations. Moreover, given the risk that could be the case, these provisions of the IRA may also further heighten the risk that we would not be able to achieve the expected return on any of our product candidates, if approved, or the full value of our patents protecting any such approved drug products if prices are set after any such approved products have been on the market for nine years.

Further, the legislation subjects drug manufacturers to civil monetary penalties and a potential excise tax for failing to comply with the legislation by offering a price that is not equal to or less than the negotiated “maximum fair price” under the law or for taking price increases that exceed inflation. The legislation also requires manufacturers to pay rebates for drugs in Medicare Part D whose price increases exceed inflation. The new law also caps Medicare out-of-pocket drug costs at an estimated $4,000 a year in 2024 and, thereafter beginning in 2025, at $2,000 a year. In addition, the IRA potentially raises legal risks with respect to individuals participating in a Medicare Part D prescription drug plan who may experience a gap in coverage if they required coverage above their initial annual coverage limit before they reached the higher threshold, or “catastrophic period” of the plan. Individuals requiring services exceeding the initial annual coverage limit and below the catastrophic period, must pay 100% of the cost of their prescriptions until they reach the catastrophic period. Among other things, the IRA contains many provisions aimed at reducing this financial burden on individuals by reducing the co-insurance and co-payment costs, expanding eligibility for lower income subsidy plans, and price caps on annual out-of-pocket expenses, each of which could have potential pricing and reporting implications. Accordingly, while it is currently unclear how the IRA will be effectuated, we cannot predict with certainty what impact any federal or state health reforms will have on us, but such changes could impose new or more stringent regulatory requirements on our activities or result in reduced reimbursement for our products, any of which could adversely affect our business, results of operations and financial condition.

On June 6, 2023, Merck & Co. filed a lawsuit against the HHS and CMS asserting that, among other things, the IRA’s Drug Price Negotiation Program for Medicare constitutes an uncompensated taking in violation of the Fifth Amendment of the Constitution. Subsequently, a number of other parties, including the U.S. Chamber of Commerce, Bristol Myers Squibb Company, the PhRMA, Astellas, Novo Nordisk, Janssen Pharmaceuticals, Novartis, AstraZeneca and Boehringer Ingelheim, also filed lawsuits in various courts with similar constitutional claims against the HHS and CMS. On July 12, 2023, There have been various decisions by the U.S. Chamber of Commerce moved for preliminary injunctive relief seeking to halt implementation of the drug pricing provisions of the IRA. On September 29, 2023, in the first substantive ruling in this litigation, the district court denied the U.S. Chamber of Commerce’s motion, finding that the U.S. Chamber of Commerce did not show, among other things, a strong likelihood of success on its constitutional arguments because Medicare is voluntary. courts considering these cases since they were filed. We expect that litigation involving these and other provisions of the IRA will continue, with unpredictable and uncertain results. Accordingly, while it is currently unclear how the IRA will be effectuated, we cannot predict with certainty what impact any federal or state health reforms will have on us, but such changes could impose new or more stringent regulatory requirements on our activities or result in reduced reimbursement for our products, if approved, any of which could adversely affect our business, results of operations and financial condition.

At the state level, individual states are increasingly aggressive in passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, regional healthcare organizations and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. These measures could reduce the ultimate demand for our products, once approved, or put pressure on our product pricing. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our product candidates or additional pricing pressures.

In the European Union, similar political, economic and regulatory developments may affect our ability to profitably commercialize our product candidates, if approved. In markets outside of the United States and the European Union, reimbursement and healthcare payment systems vary significantly by country and many countries have instituted price ceilings on specific products and therapies. In

many countries, including those of the European Union, the pricing of prescription pharmaceuticals is subject to governmental control and access. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we or our collaborators may be required to conduct a clinical trial that compares the cost-effectiveness of our product to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount or if pricing is set at unsatisfactory levels, our business could be materially harmed.

We are subject to stringent privacy laws, information security laws, regulations, policies and contractual obligations related to data privacy and security, and a failure to comply with such requirements could subject us to significant fines and penalties, which may have a material adverse effect on our business, financial condition or results of operations.

We are subject to data privacy and protection laws and regulations that apply to the collection, transmission, storage and use of personally-identifying information, which among other things, impose certain requirements relating to the privacy, security and transmission of personal information, including comprehensive regulatory systems in the United States, European Union and United Kingdom. The legislative and regulatory landscape for privacy and data protection continues to evolve in jurisdictions worldwide, and there has been an increasing focus on privacy and data protection issues with the potential to affect our business. Failure to comply with any of these laws and regulations could result in enforcement action against us, including fines, imprisonment of company officials and public censure, claims for damages by affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

There are numerous U.S. federal and state laws and regulations related to the privacy and security of personal information. In particular, regulations promulgated pursuant to HIPAA establish privacy and security standards that limit the use and disclosure of individually identifiable health information, or protected health information, and require the implementation of administrative, physical and technological safeguards to protect the privacy of protected health information and ensure the confidentiality, integrity and availability of electronic protected health information. Determining whether protected health information has been handled in compliance with applicable privacy standards and our contractual obligations can be complex and may be subject to changing interpretation. These obligations may be applicable to some or all of our business activities now or in the future.

If we are unable to properly protect the privacy and security of protected health information, we could be found to have breached our contracts. Further, if we fail to comply with applicable privacy laws, including applicable HIPAA privacy and security standards, we could face civil and criminal penalties. HHS enforcement activity can result in financial liability and reputational harm, and responses to such enforcement activity can consume significant internal resources. In addition, state attorneys general are authorized to bring civil actions seeking either injunctions or damages in response to violations that threaten the privacy of state residents. We cannot be sure how these regulations will be interpreted, enforced or applied to our operations. In addition to the risks associated with enforcement activities and potential contractual liabilities, our ongoing efforts to comply with evolving laws and regulations at the federal and state level may be costly and require ongoing modifications to our policies, procedures and systems.

In addition to potential enforcement by HHS, we are also potentially subject to privacy enforcement from the Federal Trade Commission, or the FTC. The FTC has been particularly focused on the unpermitted processing of health and genetic data through its recent enforcement actions and is expanding the types of privacy violations that it interprets to be “unfair” under Section 5 of the FTC Act, as

well as the types of activities it views to trigger the Health Breach Notification Rule (which the FTC also has the authority to enforce). The agency is also in the process of developing rules related to commercial surveillance and data security that may impact our business. We will need to account for the FTC's evolving rules and guidance for proper privacy and data security practices in order to mitigate our risk for a potential enforcement action, which may be costly. If we are subject to a potential FTC enforcement action, we may be subject to a settlement order that requires us to adhere to very specific privacy and (depending on the nature of the alleged violations). If we violate any consent order that we reach with the FTC, we may be subject to additional fines and compliance requirements.

States are also active in creating specific rules relating to the processing of personal information. In 2018, California passed into law the California Consumer Privacy Act, or the CCPA, which took effect on January 1, 2020 and imposed many requirements on businesses that process the personal information of California residents. Many of the CCPA's requirements are similar to those found in the General Data Protection Regulation, or the GDPR, which is further described below, including requiring businesses to provide notice to data subjects regarding the information collected about them and how such information is used and shared, and providing data subjects the right to request access to such personal information and, in certain cases, request the erasure of such personal information. The CCPA also affords California residents the right to opt-out of "sales" of their personal information. The CCPA contains significant penalties for companies that violate its requirements. In November 2020, California voters passed a ballot initiative for the California Privacy Rights Act, or the CPRA, which went into effect on January 1, 2023 and significantly expanded the CCPA to incorporate additional GDPR-like provisions including requiring that the use, retention and sharing of personal information of California residents be reasonably necessary and proportionate to the purposes of collection or processing, granting additional protections for sensitive personal information, and requiring greater disclosures related to notice to residents regarding retention of information. The CPRA also created a new enforcement agency – the California Privacy Protection Agency – the sole responsibility of which is to enforce the CPRA and other California privacy laws, which will further increase compliance risk. The provisions in the CPRA may apply to some of our business activities.

In addition to California, at least eleven other states have passed comprehensive privacy laws similar to the CCPA and CPRA. These laws are either in effect or will go into effect sometime before the end of 2026. Like the CCPA and CPRA, these laws create obligations related to the processing of personal information, as well as special obligations for the processing of "sensitive" data (which includes health data in some cases). Some of the provisions of these laws may apply to our business activities. There are also states that are strongly considering or have already passed comprehensive privacy laws during the 2023 legislative sessions that will go into effect in 2024 and beyond, including New York Hampshire and New Jersey. Other states will be considering these laws in the future, and Congress has also been debating passing a federal privacy law. There are also states that are specifically regulating health information that may affect our business. For example, Washington state recently passed a health privacy law that will regulate the collection and sharing of health information, and the law also has a private right of action, which further increases the relevant compliance risk. Connecticut and Nevada have also passed similar laws regulating consumer health data. These laws may impact our business activities, including our identification of research subjects, relationships with business partners and ultimately the marketing and distribution of our products.

Similar to the laws in the United States, there are significant privacy and data security laws that apply in Europe and other countries. The collection, use, disclosure, transfer, or other processing of personal data, including personal health data, regarding individuals who are located in the European Economic Area, or the EEA, and the processing of personal data that takes place in the EEA, is regulated by the General Data Protection Regulation, or GDPR, which went into effect in May 2018 and which imposes obligations on companies that

operate in our industry with respect to the processing of personal data and the cross-border transfer of such data. The GDPR imposes onerous accountability obligations requiring data controllers and processors to maintain a record of their data processing and policies. If our or our collaborators' or service providers' privacy or data security measures fail to comply with the GDPR requirements, we may be subject to litigation, regulatory investigations, enforcement notices requiring us to change the way we use personal data and/or fines of up to 20 million Euros or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, as well as compensation claims by affected individuals, negative publicity, reputational harm and a potential loss of business and goodwill.

The GDPR places restrictions on the cross-border transfer of personal data from the European Union to countries that have not been found by the European Commission to offer adequate data protection legislation, such as the United States. There are ongoing concerns about the ability of companies to transfer personal data from the European Union to other countries. In July 2020, the Court of Justice of the European Union, or the CJEU, invalidated the EU-U.S. Privacy Shield, one of the mechanisms used to legitimize the transfer of personal data from the EEA to the United States. The CJEU decision also drew into question the long-term viability of an alternative means of data transfer, the standard contractual clauses, for transfers of personal data from the EEA to the United States. While we were not self-certified under the Privacy Shield, this CJEU decision may lead to increased scrutiny on data transfers from the EEA to the United States generally and increase our costs of compliance with data privacy legislation as well as our costs of negotiating appropriate privacy and security agreements with our vendors and collaborators.

Additionally, in In October 2022, President Biden signed an executive order to implement the EU-U.S. Data Privacy Framework, which would serve serves as a replacement to the EU-U.S. Privacy Shield. The European Union initiated the process to adopt an adequacy decision for the EU-U.S. Data Privacy Framework in December 2022 and the European Commission adopted the adequacy decision on July 10, 2023. The adequacy decision will permit permits U.S. companies who self-certify to the EU-U.S. Data Privacy Framework to rely on it as a valid data transfer mechanism for data transfers from the EU European Union to the U.S. United States. However, some privacy advocacy groups have already suggested that they will be challenging the EU-U.S. Data Privacy Framework. If these challenges are successful, they may not only impact the EU-U.S. Data Privacy Framework, but also further limit the viability of the standard contractual clauses and other data transfer mechanisms. The uncertainty around this issue has the potential to impact our business internationally.

business.

Following the withdrawal of the United Kingdom from the European Union, the UK U.K. Data Protection Act 2018 or the UK Data Protectin Act, applies to the processing of personal data that takes place in the United Kingdom and includes parallel obligations to those set forth by GDPR. In relation to data transfers, both The Data Protection Act of 2018 in the United Kingdom that "implements" and complements the GDPR achieved Royal Assent on May 23, 2018 and is effective in the United Kingdom. Transfers of personal data from the EEA to the United Kingdom are currently lawful under the GDPR because of a June 2021 adequacy decision from the European Commission. However, this decision may be challenged in court. The United Kingdom has determined that it considers all of the European Union have determined, through separate "adequacy" decisions, and EEA member states to be adequate for the purposes of data protection, ensuring that data transfers between the two jurisdictions are in compliance with the UK Data Protection Act and the GDPR, respectively. The United Kingdom and the United States. have also agreed to a U.S.-UK "Data Bridge," which functions similarly to the EU-U.S. Data Privacy Framework and provides an additional legal mechanism for companies to transfer data flows from the United Kingdom to the United States. In addition to the United Kingdom, Switzerland is also in the process of approving an adequacy decision in relation to the Swiss-U.S. Data Privacy Framework (which would function similarly to the EU-U.S. Data Privacy Framework and the U.S.-UK Data Bridge in relation to data transfers from Switzerland to the United States). Any changes or updates to these developments have the potential to impact our business. EU/EEA remain unaffected.

Beyond GDPR, there are privacy and data security laws in a growing number of countries around the world. While many loosely follow GDPR as a model, other laws contain different or conflicting provisions. These laws will impact our ability to conduct our business activities, including both our clinical trials and the sale and distribution of commercial products, if approved, through increased compliance costs, costs associated with contracting and potential enforcement actions.

While we continue to address the implications of the recent changes to data privacy regulations, data privacy remains an evolving landscape at both the domestic and international level, with new regulations coming into effect and continued legal challenges, and our efforts to comply with the evolving data protection rules may be unsuccessful. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our practices, which could adversely affect our business. We must devote significant resources to understanding and complying with this changing landscape. Failure to comply with federal, state and international laws regarding privacy and security of personal information could expose us to fines and penalties under such laws.

Laws and regulations governing any international operations we may have in the future may preclude us from developing, manufacturing and selling certain products outside of the United States and require us to develop and implement costly compliance programs.

If we expand our operations outside the United States, we will need to dedicate additional resources to comply with U.S. laws regarding international operations and the laws and regulations in each jurisdiction in which we operate and plan to operate. The FCPA prohibits any U.S. individual or business from paying, offering or authorizing payment or offering of anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of the foreign entity in order to assist the individual or business in obtaining or retaining business. The FCPA also obligates companies whose securities are listed in the United States to comply with certain accounting provisions requiring the company to maintain books and records that accurately and fairly reflect all transactions of the company, including international subsidiaries and to devise and maintain an adequate system of internal accounting controls for international operations.

Compliance with the FCPA is expensive and difficult, particularly in countries in which corruption is a recognized problem. In addition, the FCPA presents particular challenges in the pharmaceutical industry because in many countries, hospitals are operated by the government and doctors and other hospital employees are considered foreign officials. Certain payments to hospitals in connection with clinical trials and other work have been deemed to be improper payments to government officials and have led to FCPA enforcement actions.

Various laws, regulations and executive orders also restrict the use and dissemination outside of the United States or the sharing with certain non-U.S. nationals, of information classified for national security purposes, as well as certain products and technical data relating to those products. Further, the provision of benefits or advantages to physicians to induce or encourage the prescription, recommendation, endorsement, purchase, supply, order or use of medicinal products is prohibited in the European Union. The provision of benefits or advantages to physicians is also governed by the national anti-bribery laws of E.U. EU Member States, such as the U.K. Bribery Act 2010. Infringement of these laws could result in substantial fines and imprisonment. Payments made to physicians in certain E.U. EU Member States must be publicly disclosed. Moreover, agreements with physicians often must be the subject of prior notification and approval by the physician’s employer, his or her competent professional organization and/or the regulatory authorities of the

individual E.U. EU Member States. These requirements are provided in the national laws, industry codes or professional codes of conduct applicable in the E.U. EU. Member States. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines or imprisonment.

If we expand our presence outside of the United States, it will require us to dedicate additional resources to comply with these laws and these laws may preclude us from developing, manufacturing or selling certain products and product candidates outside of the United States, which could limit our growth potential and increase our development costs. The failure to comply with laws governing international business practices may result in substantial civil and criminal penalties and suspension or debarment from government contracting. The SEC also may suspend or bar issuers from trading securities on U.S. exchanges for violations of the FCPA's accounting provisions.

We and our third-party contract manufacturers must comply with environmental, health and safety laws and regulations, and failure to comply with these laws and regulations could expose us to significant costs or liabilities.

We and our third-party manufacturers are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the use, generation, manufacture, distribution, storage, handling, treatment, remediation and disposal of hazardous materials and wastes. Hazardous chemicals, including flammable and biological materials, are involved in certain aspects of our business, and we cannot eliminate the risk of injury or contamination from the use, generation, manufacture, distribution, storage, handling, treatment or disposal of hazardous materials and wastes. In the event of contamination or injury, or failure to comply with environmental, health and safety laws and regulations, we could be held liable for any resulting damages and any such liability could exceed our assets and resources. We could also incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations. Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological, hazardous or radioactive materials.

Environmental, health and safety laws and regulations are becoming increasingly more stringent. We may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Our failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Further, with respect to the operations of our third-party contract manufacturers, it is possible that if they fail to operate in compliance with applicable environmental, health and safety laws and regulations or properly dispose of wastes associated with our products, we could be held liable for any resulting damages, suffer reputational harm or experience a disruption in the manufacture and supply of our product candidates or products.

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements and insider trading.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with FDA regulations, to provide accurate information to the FDA, to comply with manufacturing standards we have established, to comply with federal and state healthcare fraud and abuse laws and regulations, to comply with state and federal securities laws, to report financial information or data accurately or to disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. These risks may be heightened in connection with employee turnover in connection with our Restructuring. Additionally, we are subject to the risk that a person could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, disgorgement, possible exclusion from participation in Medicare, Medicaid and other federal health care programs, contractual damages, reputational harm, diminished profits and future earnings and curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Changes in U.S. and international trade policies, particularly with respect to China, may adversely impact our business and operating results.

The U.S. government has recently made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies, including imposing several rounds of tariffs and export control restrictions affecting certain products manufactured in China. In March 2018, the Trump administration announced the imposition of tariffs on steel and aluminum entering the United States and in June 2018, the Trump administration announced further tariffs targeting goods imported from China. Recently both China and the United States have each imposed tariffs indicating the potential for further trade barriers, including the U.S. Commerce Department adding numerous Chinese entities to its “unverified list,” which requires U.S. exporters to go through more procedures before exporting goods to such entities. It is unknown whether and to what extent new tariffs, export controls, or other new laws or regulations will be adopted, or the effect that any such actions would have on us or our industry, and it is unclear whether the Biden administration will work to reverse these measures or pursue similar policy initiatives.

Further, some of our manufacturers and suppliers and located in China. Trade tensions and conflicts between the United States and China have been escalating in recent years and, as such, we are exposed to the possibility of product supply disruption and increased costs and expenses in the event of changes to the laws, rules, regulations and policies of the governments of the United States or China, or due to geopolitical unrest and unstable economic conditions. Certain Chinese biotechnology companies may become subject to trade restrictions, sanctions, other regulatory requirements or proposed legislation by the U.S. government, which could restrict or even prohibit our ability to work with such entities, thereby potentially disrupting their supply of material to us. For example, in February 2024, U.S. lawmakers called for investigations into and the imposition of possible economic sanctions against Chinese biotechnology companies WuXi AppTec and WuXi Biologics, or collectively WuXi, over alleged ties to the Chinese military. In addition, the recently proposed BIOSECURE Act introduced in the House of Representatives, as well as a substantially similar bill in the Senate, targets certain Chinese biotechnology companies. If these bills become law, or similar laws are passed, they would have the potential to severely restrict the ability of companies to contract with certain Chinese biotechnology companies of concern without losing the ability to contract with, or otherwise received funding from, the U.S. government. Such disruptions could have adverse effects on the development of our product candidates and our business operations.

Any unfavorable government policies on international trade, such as export controls, capital controls or tariffs, may increase the cost of manufacturing our product candidates and platform materials, affect the demand for our drug products (if and once approved), the competitive position of our product candidates, and import or export of raw materials and finished product candidate used in our and our collaborators' preclinical studies and clinical trials, particularly with respect to any product candidates and materials that we import from China, including pursuant to our manufacturing service arrangements with WuXi. If any new tariffs, export controls, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if either the U.S. or Chinese government takes retaliatory trade actions due to the recent trade tension, such changes could have an adverse effect on our business, financial condition and results of operations.

Risks Related to our Business and Industry

If we fail to attract and retain senior management and key scientific personnel, we may be unable to successfully develop our ADC product candidates, conduct our clinical trials and commercialize our ADC product candidates.

Our ability to compete in the highly competitive biotechnology and biopharmaceutical industries depends upon our ability to attract, motivate and retain highly qualified managerial, scientific and medical personnel. We are highly dependent on members of our senior management, including Martin Huber, M.D., our President and Chief Executive Officer, who succeeded Anna Protopapas in that role in September 2023. We also announced the departures of our Chief Medical Officer and Chief People Officer in September 2023.The 2023. The loss of the services of any additional members of our senior management could impede the achievement of our research, development and commercialization objectives. Also, each of these persons may terminate their employment with us at any time. We do not maintain "key person" insurance for any of our executives or other employees.

Recruiting and retaining qualified scientific, clinical, sales and marketing personnel will also be critical to our success. We conduct our operations at our facility in Cambridge, Massachusetts, in a region that is headquarters to many other biopharmaceutical companies and many academic and research institutions. Competition for skilled personnel is intense and the turnover rate can be high, which may limit our ability to hire and retain highly qualified personnel on acceptable terms or at all. We may not be able to attract and retain these personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel and personnel. Further, in light July 2023, we announced a reduction-in-force of approximately 50% of our announced Restructuring. then-current employee base, or the Restructuring, which Restructuring was substantially completed as of December 31, 2023. The Restructuring may make future retention and recruiting of qualified personnel more difficult. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may be employed or have commitments under consulting or advisory contracts with other entities that may limit their availability to us.

Our restructuring business and workforce reduction announced operations would suffer in the event of system failures, security breaches or cyberattacks.

Our computer systems, as well as those of various third parties with whom we collaborate or on July 27, 2023, which we rely, or may not result rely in anticipated savings, the future, including our CROs and other contractors, consultants, and law and accounting firms, are vulnerable to service interruptions or security breaches, including from cyberattacks, computer viruses, ransomware, malware, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. We rely on our third-party providers to implement effective security measures and identify and correct for any such failures, deficiencies or breaches. The risk of a security breach or disruption, particularly through cyberattacks or cyber intrusion, including by computer hackers, foreign governments, nation-state actors and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, ability to provide our products or services, loss of sensitive data and income, reputational harm

and diversion of funds. Extortion payments may shorten the duration of the negative impacts of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. However, if any failure, accident or security breach were to occur and cause interruptions in our operations or the operations of those third parties with which we contract, it could result in total costs a material disruption of our programs and expenses that are greater than expected our business operations.

Most of our employees work in a hybrid fashion, and could disrupt we also have employees who work remotely. Such arrangements have increased risks to our business. information technology systems and data, as more of our employees utilize network connections, computers and devices outside our premises or network, including working at home, while in transit and in public locations.

On July 27, 2023, following We have experienced attempted but unsuccessful phishing attacks in the past, which have not had a material impact on our discontinuance operations; however, we may in the future experience material system failures or security breaches that could cause interruptions in our operations or result in a material disruption of our development programs. We could lose access to our trade secrets or other proprietary information or experience other disruptions, which could require a substantial expenditure of resources to remedy. For example, the loss of clinical trial data for our product candidates could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data.

We could also be subject to risks caused by misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in our information systems and networks, including personal information of our employees or others. Outside parties may attempt to penetrate our systems or those of the third parties with which we contract or to coerce or fraudulently induce our employees or employees of such third parties to disclose sensitive information to gain access to our data. The number and complexity of these threats continue to increase over time. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, such risks cannot be eliminated. Furthermore, there can be no assurance that we, or those third parties with which we contract, will promptly detect any such disruption or security breach, if at all. Additionally, the development and maintenance of these systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. To the extent that any disruption or security breach results in a loss of or damage to our data or applications or other data or applications relating to our technology or product candidates, or inappropriate disclosure of confidential or proprietary information, we could incur liabilities, our competitive position and the market perception of the effectiveness of our security measures could be harmed, our credibility could be damaged and the further development of UpRi our product candidates could be delayed.

Increasing use of social media and artificial intelligence-based platforms could give rise to liability, breaches of data security and privacy laws, or reputational damage.

We and our employees are increasingly utilizing social media tools as a means of communication both internally and externally. Despite our efforts to monitor evolving social media communication guidelines and comply with applicable rules, there is a risk that the strategic reprioritization use of social media by us or our employees to communicate about our products or business may cause us to be found in violation of applicable requirements. In addition, our employees may knowingly or inadvertently make use of social media in ways that may not comply with our social media policy or other legal or contractual requirements, which may give rise to liability, lead to the loss of trade secrets or other intellectual property, or result in public exposure of personal data of our business activities, employees, clinical trial participants and others. Furthermore, negative posts or comments about us or our product candidates in social media could seriously damage our reputation, brand image and goodwill. Additionally, artificial intelligence, or AI, -based solutions, including generative AI, are increasingly being used in the biotechnology and biopharmaceutical industries, including by us. The use of AI solutions by our employees or third parties on which we announced that we were conducting a restructuring involving a headcount reduction rely may continue to increase and may lead to the public disclosure of approximately 50% confidential information (including personal data and proprietary information) in contravention of our then-current employee base. We expect internal policies, data protection laws, other applicable law or

contractual requirements. The misuse of AI solutions may give rise to complete liability, lead to the terminations by the end loss of 2023 trade secrets or other intellectual property, result in reputational harm, or lead to outcomes with unintended biases or other consequences. The misuse of AI solutions could also result in unauthorized access and estimate that we will reduce use of personal data of our operating expenses going forward. However, employees, clinical trial participants, collaborators or other third parties. Any of these estimates are subject to several assumptions, and actual results may differ. We may not realize, in full or in part, the anticipated benefits and savings from this plan due to unforeseen difficulties, delays or unexpected costs. If we are unable to realize the expected cost savings from the announced plan, events could have a material adverse effect on our business, prospects, operating results, and financial condition could be adversely affected. The workforce reduction may be disruptive to our operations and could yield unanticipated consequences, such as attrition beyond planned staff reductions, increased difficulties in adversely affect the price of our day-to-day operations and reduced employee morale, as well as result in weaknesses in our infrastructure and operations, and may increase the risk that we become unable to comply with legal and regulatory requirements. Our workforce reductions could also harm our ability to attract and retain qualified management, scientific, clinical, and/or manufacturing personnel. Any failure to attract or retain qualified personnel could prevent us from successfully developing XMT-1660, XMT-2056 or any other current or future product candidates. common stock.

We may encounter difficulties in managing our future growth and expanding our operations successfully.

As Although we implemented the Restructuring in 2023 following our discontinuance of development of UpRi, as we seek to advance our current product candidates through clinical trials and commercialization, we will need to expand our development, regulatory, manufacturing, marketing and sales capabilities or contract with third parties to provide these capabilities for us. As our operations expand, have expanded in the past, we have needed to, and if our operations expand again in the future, we expect that we will continue to need to manage additional relationships with various strategic collaborators, suppliers and other third parties. Future growth will impose significant added responsibilities on members of management. Our future financial performance and our ability to commercialize our product candidates and to compete effectively will depend, in part, on our ability to manage any future growth effectively. To that end, we must be able to manage our development efforts and clinical trials effectively and hire, train and integrate additional management, administrative and, if necessary, sales and marketing personnel. Due to our limited financial resources and the limited experience of our management team logistical and operational changes involved in managing a company with such anticipated growth, we may not be able to accomplish these tasks, and our failure to accomplish any of them could prevent us from successfully growing our company or disrupt our operations.

If product liability lawsuits or other claims are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our ADC product candidates.

We face an inherent risk of product liability as a result of the clinical testing of our product candidates and will face an even greater risk if we commercialize any products. For example, we may be sued or have other claims brought against us if any product we develop causes, or is perceived to cause, injury or is found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability and a breach of warranties. Claims could also be asserted under state or foreign consumer protection acts. acts or similar schemes. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates. Even a successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- injury to our reputation;
- decreased demand for our product candidates or products that we may develop;

- withdrawal of clinical trial participants;
- costs to defend the related litigations;
- a diversion of management's time and our resources;
- substantial monetary awards to clinical trial participants or patients;

- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- the inability to commercialize our product candidates; and
- a decline in our stock price.

Failure to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of products we develop. We currently carry product liability insurance covering our clinical trials in the amount of $10 million in the aggregate. Although we maintain such insurance, any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. In such instance, we might have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. If we are unable to obtain or maintain sufficient insurance coverage at an acceptable cost or to otherwise protect against potential product liability claims, it could prevent or inhibit the development and commercial production and sale of our product candidates, which could adversely affect our business, financial condition, results of operations and prospects.

We may acquire assets or form strategic alliances in the future, and we may not realize the benefits of such acquisitions.

We may acquire additional technologies and assets, form strategic alliances or create joint ventures with third parties that we believe will complement or augment our existing business. If we acquire assets with promising markets or technologies, we may not be able to realize the benefit of acquiring such assets if we are unable to successfully integrate them with our existing technologies. We may encounter numerous difficulties in developing, manufacturing and marketing any new products resulting from a strategic alliance or acquisition that delay or prevent us from realizing their expected benefits or enhancing our business. We cannot be assured that, following any such acquisition, we will achieve the expected synergies to justify the transaction. Our internal computer systems, or those of our strategic and other third-party collaborators or other contractors or consultants, may fail or suffer security breaches, which could adversely affect our business, including through material disruptions of our programs or business operations.

Our internal information technology systems and those of our current or future strategic and other third-party collaborators and other contractors and consultants are vulnerable to service interruptions or security breaches, including from cyber-attacks, computer viruses, ransomware, malware, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. If a failure, accident or security breach were to occur and cause interruptions in our operations or the operations of those third parties with which we contract, it could result in a material disruption of our programs and our business operations. We could lose access to our trade secrets or other proprietary information or experience other disruptions, which could require a substantial expenditure of resources to remedy. For example, the loss of clinical trial data for our product candidates could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data.

We could also be subject to risks caused by misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in our information systems and networks, including personal information of our employees or others. Outside parties may attempt to penetrate our systems or those of the third parties with which we contract or to coerce or fraudulently induce our employees or employees of such third parties to disclose sensitive information to gain access to our data. The number and complexity of these threats continue to increase over time. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, such risks cannot be eliminated. Furthermore, there can be no assurance that we, or those third parties with which we contract, will promptly detect any such disruption or security breach, if at all. Additionally, the development and maintenance of these systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. To the extent that any disruption or security breach results in a loss of or damage to our data or applications or other data or applications relating to our technology or product candidates, or inappropriate disclosure of confidential or proprietary information, we could incur liabilities, our competitive position and the market perception of the effectiveness of our security measures could be harmed, our credibility could be damaged and the further development of our product candidates could be delayed.

Risks Related to Our Common Stock

If our stock price is volatile, our stockholders could incur substantial losses.

Our stock price has been and may continue to be volatile. During the period from November 3, 2020 May 3, 2021 to November 3, 2023 May 3, 2024, the closing price of our common stock ranged from a high of $27.59 $15.77 per share to a low of $1.06 per share. The market price of shares of our common stock could be subject to wide fluctuations in response to many risk factors listed in this “Risk Factors” section, and others beyond our control, including:

- results and timing of preclinical studies and clinical trials of our current or future product candidates, including XMT-1660 and XMT-2056;
- results of clinical trials of our competitors’ products;
- failure to adequately protect our trade secrets;
- the terms on which we raise additional capital or our ability to raise it;
- commencement or termination of any strategic collaboration or licensing arrangement;
- regulatory developments, including actions with respect to our products or our competitors’ products;

- actual or anticipated fluctuations in our financial condition and operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;
- additions and departures of key personnel;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy, including, for example, our strategic reprioritization announced in July 2023; strategy;
- the passage of legislation or other regulatory developments affecting us or our industry;
- changes in the structure of healthcare payment systems;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- sales of our common stock by us (including through our ATM offering program), our insiders or our other stockholders;
- speculation in the press or investment community;
- announcement or expectation of additional financing efforts;
- changes in market conditions for biopharmaceutical stocks; and
- changes in general market and economic conditions. conditions, such as geopolitical conflicts, including the ongoing conflict between Russia and Ukraine and the ongoing war between Israel and Hamas, sustained high interest rates and inflation.

In addition, the stock market has historically experienced significant volatility, particularly with respect to pharmaceutical, biotechnology and other life sciences company stocks. The volatility of pharmaceutical, biotechnology and other life sciences company stocks often does not relate to the operating performance of the companies represented by the stock. As a result of this volatility, stockholders may not be able to sell their common stock at or above the price for which they paid for their shares. As we operate in a single industry, we are especially vulnerable to these factors to the extent that they affect our industry or our products, or to a lesser extent our markets. Furthermore, as a result of this volatility, we may not be able to maintain compliance with listing requirements of the Nasdaq Stock Market. In the past, securities class action litigation has often been initiated against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources, and could also require us to make substantial payments to satisfy judgments or to settle litigation.

We do not expect to pay any cash dividends for the foreseeable future.

We do not anticipate that we will pay any cash dividends to holders of our common stock in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our operations. In addition, our New Credit Facility contains terms and any future debt financing arrangement may contain additional terms prohibiting or limiting the amount of dividends that may be declared or paid on our common stock. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any return on their investment.

Provisions in our amended and restated certificate of incorporation, as amended, our second amended and restated by-laws and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders, and may prevent attempts by our stockholders to replace or remove our current management.

Our amended and restated certificate of incorporation, as amended, second amended and restated by-laws and Delaware law contain provisions that may have the effect of discouraging, delaying or preventing a change in control of us or changes in our management that stockholders may consider favorable, including transactions in which our stockholders might otherwise receive a premium for their shares. Our amended and restated certificate of incorporation, as amended, and second amended and restated by-laws include provisions that:

- authorize “blank check” preferred stock, which could be issued by our board of directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our common stock;
- create a classified board of directors whose members serve staggered three-year terms;
- specify that special meetings of our stockholders can be called only by our board of directors;
- prohibit stockholder action by written consent;
- establish an advance notice procedure for stockholder approvals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- provide that our directors may be removed only for cause;
- specify that no stockholder is permitted to cumulate votes at any election of directors;
- expressly authorize our board of directors to have discretion to modify, alter or repeal our second amended and restated by-laws; and

- require supermajority votes of the holders of our common stock to amend specified provisions of our amended and restated certificate of incorporation, as amended, and second amended and restated by-laws.

In addition, because we are incorporated in the State of Delaware, we are governed by the provisions of Section 203 of the General Corporation Law of the State of Delaware, or the DGCL, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

Any provision of our amended and restated certificate of incorporation, as amended, second amended and restated by-laws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

Our ability to use net operating losses and certain tax credit carryforwards may be subject to certain limitations.

For the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, we recorded no income tax benefit for the net operating losses, or NOLs, incurred in each year, due to the uncertainty of realizing a benefit from those items. We have incurred NOLs since our inception. As of December 31, 2022 December 31, 2023 , we have federal NOLs of approximately $432.8 million $479.0 million and state NOLs of approximately $365.3 million. $414.8 million. Of the $432.8 million $479.0 million of federal NOLs, $34.1 million $34.1 million expire at various dates through 2037. The remaining $398.7 million $444.8 million of federal NOLs do not expire. The state NOLs will expire at various dates through 2042. 2043. As of December 31, 2022, we had federal and state research and development tax credit carryforwards of approximately $17.4 million $23.2 million and $5.1 million, $6.8 million, respectively, which expire at various dates through 2042. 2043. Under the Tax Act, federal NOLs incurred in 2018 and in future years may be carried forward indefinitely, but the deductibility of such federal NOLs is limited. It is uncertain if and to what extent various states will conform to the Tax Act. In addition, under Section 382 of the Internal Revenue Code, or the Code, and corresponding provisions of state law, if a corporation undergoes an "ownership change," which is generally defined as a greater than 50% change, by value, in its equity ownership over a three-year period, the corporation's ability to use its pre-change NOLs and other pre-change tax attributes to offset its post-change income or taxes may be limited. Our past issuances of stock and other changes in our stock ownership may We have resulted in determined that ownership changes within the meaning of Section 382 of the Code; accordingly, have occurred since our pre-change inception and that certain NOLs may and research and development tax credit carryforwards will be subject to limitation under Section 382. If we determine that we have not undergone an ownership change, the Internal Revenue Service could challenge our analysis, and our ability to use our NOLs to offset taxable income could be limited by Section 382 of the Code. limitation. Future changes in our stock ownership, some of which are outside of our control, could result in ownership changes under Section 382 of the Code further limiting our ability to utilize our NOLs. NOLs and research and development tax credit carryforwards. Our NOLs may also be impaired under state law. Accordingly, we may not be able to utilize a material portion of our NOLs. We have determined that ownership changes have occurred since our inception and that certain NOLs and research and development tax credit carryforwards will be subject to limitation. We may also have incurred subsequent ownership changes. carryforwards. Furthermore, our ability to utilize our NOLs and research and development tax credit carryforwards is conditioned upon our attaining profitability and generating U.S. federal taxable income. We have incurred net losses since our inception and anticipate that we will continue to incur significant losses for at least the next several years; thus, we do not know when we will generate the U.S. federal taxable income necessary to utilize our NOLs. We have recorded a full valuation allowance related to our NOLs and other deferred tax assets due to the uncertainty of the ultimate realization of the future benefits of those assets.

Changes in tax laws or in their implementation or interpretation may adversely affect our business and financial condition.

Changes in tax law may adversely affect our business or financial condition. The Tax Act, as amended by the CARES Act, significantly revises revised the Code. The Tax Act, among other things, contains significant changes to corporate taxation, including the reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21% and the limitation of the deduction for NOLs to 80% of current

year taxable income for losses arising in taxable years beginning after December 31, 2017, though any such NOLs may be carried forward indefinitely. In addition, beginning in 2022, the Tax Act eliminates the option to deduct research and development expenditures currently and requires corporations to capitalize and amortize them over five years. years or 15 years in the case of expenditures attributable to foreign research.

In addition to the CARES Act, as part of Congress' response to the COVID-19 pandemic, economic relief legislation was enacted in 2020 and 2021 containing tax provisions. The IRA, which was signed into law in August 2022, also introduced new tax provisions, including a one percent excise tax imposed on certain stock repurchases by publicly traded corporations. The one percent excise tax generally applies to any acquisition of stock by the publicly traded corporation (or certain of its affiliates) from a stockholder of the corporation in exchange for money or other property (other than stock of the corporation itself), subject to a de minimis exception. Thus, the excise tax could apply to certain transactions that are not traditional stock repurchases.

Regulatory guidance under the Tax Act, the IRA, and additional legislation is and continues to be forthcoming, and such guidance could ultimately increase or lessen their impact on our business and financial condition. In addition, it is uncertain if and to what extent various states will conform to the Tax Act, the IRA, and additional tax legislation.

Our amended and restated certificate of incorporation, as amended, designates the state or federal courts within the State of Delaware as the exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation, as amended, provides that, subject to limited exceptions, the Court of Chancery of the State of Delaware will be the exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action asserting a claim against us arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation, as amended, or our second amended and restated by-laws, (4) any action to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation, as amended, or second amended and restated by-laws or (5) any other action asserting a claim against us that is governed by the internal affairs doctrine, in each case subject to the Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity that purchases or otherwise acquires any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our amended and restated certificate of incorporation, as amended, described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

This exclusive forum provision would not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended, which provides for exclusive jurisdiction of the federal courts. It could apply, however, to a suit that falls within one or more of the categories enumerated in the exclusive forum provision and asserts claims under the Securities Act of 1933, as amended, or the Securities Act, inasmuch as Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder, provided, that with respect to claims under the Securities Act, our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our stock, the price of our stock and trading volume could decline.

The trading market for our common stock depends, in part, on the research and reports that industry or financial analysts publish about us or our business. If one or more of the analysts covering our business downgrade their evaluations of our stock, the price of our stock could decline. If one or more of these analysts cease to cover our stock or fail to regularly publish reports on us, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

A portion of our total outstanding shares may be sold into the market in the near future, which could cause the market price of our common stock to decline significantly, even if our business is doing well.

Sales of a significant number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares of common stock intend to sell shares, could reduce the market price of our common stock.

We have registered substantially all shares of common stock that we may issue under our equity compensation plans. These shares can be freely sold in the public market upon issuance and once vested, subject to volume limitations applicable to affiliates. If any of these additional shares are sold, or if it is perceived that they will be sold, in the public market, the market price of our common stock could decline.

General Risk Factors

We are a "smaller reporting company" within the meaning of the Securities Act of 1933, as amended, and if we decide to take advantage of certain exemptions from various reporting requirements applicable to smaller reporting companies, our common stock could be less attractive to investors.

For so long as we qualify as a "smaller reporting company," we will have the option to take advantage of certain exemptions from various reporting and other requirements that are applicable to other public companies that are not "smaller reporting companies," including but not limited to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and later effective dates for compliance with certain new disclosure obligations. In addition, for as long as we are deemed neither a large accelerated filer nor accelerated filer, we will continue to use the exemption from compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act. We will remain a smaller reporting company if we have either (i) a public float of less than $250 million held by non-affiliates as of the last business day of the second quarter of our then-current fiscal year or (ii) annual revenues of less than $100 million during such recently completed fiscal year with less than $700 million in public float as of the last business day of the second quarter of such fiscal year.

In the event we are eligible to and do rely on the exemptions available to smaller reporting companies, we cannot predict if investors will find our common stock less attractive because we may or do rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Unfavorable global economic or geopolitical conditions could adversely affect our business, financial condition or results of operations.

Our results of operations could be adversely affected by general conditions in the global economy, geopolitical considerations and global financial market conditions, including changes in inflation, interest rates and overall economic conditions and uncertainties. For example, the global financial crisis caused extreme volatility and disruptions in the capital and credit markets. We cannot assure stockholders that deterioration of the global credit and financial markets would not negatively impact our stock price, our current portfolio of cash

equivalents or investments, or our ability to meet our financing objectives. If the current equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult, more costly, and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon clinical development plans. A weak or declining economy, could also strain our suppliers and vendors involved in our clinical development activities.

Additionally, the ongoing conflict between Russia and Ukraine that began in February 2022 and the global response, including the imposition of sanctions by the United States and other countries, as well as the war between Israel and Hamas, could create or exacerbate risks facing our business. We have evaluated our operations, vendor contracts and clinical trial arrangements, and at present we do not expect these conflicts to directly have a materially adverse effect on our financial condition or results of operations. However, if these hostilities persist, escalate or expand, other risks we have identified in this report may be exacerbated. For example, if our supply arrangements or clinical sites are disrupted due to expanded sanctions or involvement of countries where we have operations or relationships, our business could be materially disrupted. Further, the use of state-sponsored cyberattacks could expand as part of the conflicts, which could adversely affect our ability to maintain or enhance our cyber security and data protection measures. Any of the foregoing could harm our business, and we cannot anticipate all of the ways in which the current economic and geopolitical climate and financial market conditions could adversely impact our business.

Failure to maintain effective internal control over financial reporting and disclosure controls and procedures could harm our business and negatively impact investor confidence in our company and the value of our common stock.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or any subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements, or may identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

We are required to disclose changes made in our internal controls and procedures on a quarterly basis, and our management is required to assess the effectiveness of these controls annually. However, for as long as we are smaller reporting company, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act.

There can be no assurance that our efforts to maintain or improve our control processes will ultimately be successful or avoid potential future material weaknesses. We implemented the Restructuring in 2023, which resulted, in some instances, in different employees performing internal control activities than those who have previously performed those activities. A changing operating environment increases the risk that our system of internal controls is not designed effectively or that internal control activities will not occur as designed. The Restructuring and any further departures of accounting or finance function employees or consultants, or of individuals in other business areas responsible for overseeing key internal controls, may increase the likelihood of future internal controls deficiencies. If we are unable to successfully remediate any future material weaknesses in our internal control over financial reporting, or if we identify any additional material weaknesses, the accuracy and timing of our financial reporting may be adversely affected, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting, and our stock price may decline as a result. We also could become subject to investigations by Nasdaq, the SEC or other regulatory authorities, which could harm our reputation and our financial condition, or divert financial and management resources from our core business.

We, or the third parties upon whom we depend, may be adversely affected by serious disasters.

Any unplanned event, such as a flood, fire, explosion, earthquake, extreme weather condition, medical epidemic, power shortage, telecommunication failure or other natural or human-made accident or incident that results in us being unable to fully use our facilities, or the facilities of third parties with which we contract, may have a material and adverse effect on our ability to operate our business and may have significant negative consequences on our financial and operating conditions. Loss of access to these facilities or operations may result in increased costs, delays in the development of our current or future product candidates or the interruption of our business operations for a substantial period of time.

There can be no assurance that the amounts of insurance that we maintain will be sufficient to satisfy any damages and losses in the event a serious disaster or similar event occurs. If our facilities, or the manufacturing facilities of our third-party contract manufacturers, are unable to operate because of an accident or incident or for any other reason, even for a short period of time, any or all of our research and development programs and commercialization efforts may be harmed.

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

None.

Item 5. Other Information

None of our directors or officers adopted or terminated a Rule 10b5–1 trading arrangement or a non-10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the first quarter of 2024.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Fifth Amended and Restated Certificate of Incorporation, as amended, as of June 8, 2023 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 9, 2023).
3.2	Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on March 31, 2023).
10.1*† 10.1	Amendment No. 1 Sales Agreement, dated February 28, 2024, by and between the Company and Cowen and Company, LLC (incorporated by reference to Exhibit 1.1 to the Research Collaboration and License Agreement (effective February 2, 2022), dated July 14, 2023, by and between Mersana Therapeutics, Inc. and Janssen Biotech, Inc. Company's Current Report on Form 8-K filed with the SEC on February 28, 2024).
10.2*†	Amendment No. 2 to the Research Collaboration and License Agreement (effective February 2, 2022), dated September 25, 2023, by and between Mersana Therapeutics, Inc. and Janssen Biotech, Inc.
10.3*	Retirement and Separation Agreement, dated September 5, 2023, by and between Mersana Therapeutics, Inc. and Anna Protopapas.
10.4*	Offer Letter, dated September 5, 2023, by and between Mersana Therapeutics, Inc. and Martin Huber
10.5*	Letter Agreement,dated September 6, 2023, by and between Mersana Therapeutics, Inc. and Arvin Yang
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1#32.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document (included in Exhibit 101).

*Filed herewith.

†Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

#The The certification attached as Exhibit 32.1 accompanying this Quarterly Report on Form 10-Q is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

Mersana Therapeutics, Inc.

Dated: November 7, 2023 May 9, 2024

By: /s/ Martin Huber

Martin Huber, M.D.
President and Chief Executive Officer
(Principal Executive Officer and Authorized Signatory)

Dated: November 7, 2023 May 9, 2024

By: /s/ Brian DeSchuytner

Brian DeSchuytner
SVP, Senior Vice President, Chief Operating Officer and Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.1

Certain identified information has been excluded from the exhibit because it is both (i) not material and (ii) is the type of information that the registrant treats as private or confidential. Double asterisks denote omissions.

CONFIDENTIAL

AMENDMENT NO. 1 to the RESEARCH COLLABORATION AND LICENSE AGREEMENT by and between MERSANA THERAPEUTICS, INC. and JANSSEN BIOTECH, INC. (effective February 2, 2022)

THIS AMENDMENT NO. 1 TO THE RESEARCH COLLABORATION AND LICENSE AGREEMENT (this "Amendment No. 1") is made and entered into as of July 12, 2023 (the "Amendment Effective Date"), by and

between:

(1) **MERSANA THERAPEUTICS, INC.**, a Delaware corporation, having its principal place of business at 840 Memorial Drive Cambridge, MA 02139 (hereinafter referred to as "**Mersana**"); and

(2) **JANSSEN BIOTECH, INC.**, a Pennsylvania corporation, having its principal place of business at 800 Ridgeview Drive, Horsham, PA 19044 (hereinafter referred to as "**Janssen**").

Mersana and Janssen are each referred to herein by name or as a "Party" or, collectively, as "Parties".

1. Background

By an agreement dated February 2, 2022, Mersana and Janssen entered into a Research Collaboration and License Agreement ("the Agreement").

In accordance with Section 2.4.2 ([**]) of the Agreement, during the Research Term, Mersana has indicated that it in good faith believes [**], and the Parties, having met in good faith and discussed potential amendments to the [**], mutually agree to amend [**] to that detailed in the [**] attached hereto.

Now, therefore, in consideration of the premises and mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

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2. Definitions

Capitalized terms used but not defined in this Amendment No. 1 shall have the meanings ascribed to such terms in the Agreement.

3. Amendment

[**] to the Agreement is hereby deleted in its entirety and replaced with the revised [**] attached hereto.

4. Miscellaneous

In the event of a conflict between a provision of the Agreement and a provision of this Amendment No. 1, the provisions of this Amendment No. 1 will control to the extent of such conflict.

This Amendment No. 1 shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of law principles thereof that may dictate application of the laws of any other jurisdiction.

This Amendment No. 1 may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be signed or delivered by facsimile or electronically scanned signature page.

This Amendment No. 1 shall be effective for all purposes as of the Amendment Effective Date.

Except as otherwise expressly modified by this Amendment No. 1, the Agreement shall remain unchanged and in full force and effect in accordance with its terms.

****

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment No. 1 to be executed by their duly authorized representatives and delivered in duplicate originals.

MERSANA THERAPEUTICS, INC.JANSSEN BIOTECH, INC.

/s/ Brian DeSchuytner /s/ Rajiv Shah

Name: Brian DeSchuytner Name: Rajiv Shah

Title: Chief Financial Officer Title: Assistant Secretary

[**]

Exhibit 10.2

Certain identified information has been excluded from the exhibit because it is both (i) not material and (ii) is the type of information that the registrant treats as private or confidential. Double asterisks denote omissions.

Execution Copy

AMENDMENT NO. 2 TO
RESEARCH COLLABORATION AND LICENSE AGREEMENT

This Amendment No. 2 to Research Collaboration and License Agreement (this "**Amendment**") is entered into and effective as of September 25, 2023 (the "**Amendment Effective Date**") by and between Mersana Therapeutics, Inc., a Delaware corporation having its principal place of business at 840 Memorial Drive, Cambridge, MA 02139 ("**Mersana**"), and Janssen Biotech, Inc., a Pennsylvania corporation having its principal place of business at 800 Ridgeview Drive, Horsham, PA 19044 ("**Janssen**"). Mersana and Janssen are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**".

WITNESSETH

WHEREAS, the Parties entered into a certain Research Collaboration and License Agreement dated as of February 2, 2022 (as amended, the "**Collaboration Agreement**"), which establishes a collaboration to perform research activities combining certain Mersana Technology with Janssen Antibodies;

WHEREAS, pursuant to the terms of the Collaboration Agreement, Janssen is obligated to reimburse Mersana for certain CMC Costs and Supply Costs for preclinical supplies of Licensed ADCs supplied by Mersana to Janssen under the CMC Plans and pursuant to Section 6.3 of the Agreement ("**Preclinical Supply Costs**"), incurred or accrued by Mersana in conducting certain activities under the Collaboration Agreement;

WHEREAS, the Parties desire to amend the terms of the Collaboration Agreement to provide for the prepayment (rather than reimbursement) by Janssen of such CMC Costs and Preclinical Supply Costs, as further set forth herein; and

WHEREAS, capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Collaboration Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and obligations set forth herein, the Parties hereto, intending to be legally bound, agree as follows:

ARTICLE I - AMENDMENTS

1.1 Section 1.1. Section 1 of the Collaboration Agreement is hereby modified by adding or amending (as applicable) the following definitions:

1.1.42A "**CMC/Preclinical Supply Costs Statement**" has the meaning set forth in Section 8.2.2.

1.1.42B "**CMC/Preclinical SupplyPre-Payment Amount**" has the meaning set forth in Section 8.2.1.

1.1.86 "**Excess CMC/Preclinical Supply Costs**" has the meaning set forth in Section 8.2.2(a).

1.1.199A "**Preclinical Supply Costs**" has the meaning set forth in the preamble of Amendment No. 2 of the Agreement.

1.1.244A "**Surplus CMC/Preclinical SupplyPayment**" has the meaning set forth in Section 8.2.2(b).

1.2 Section 2.3.4. Section 2.3.4 of the Collaboration Agreement is hereby deleted in its entirety and replaced with the following:

"**2.3.4 Costs of CMC Plan Activities.** Janssen shall pay Mersana's CMC Costs for CMC Development activities allocated to Mersana under the CMC Plans, and Janssen shall pay Mersana's Preclinical Supply Costs, in each case in accordance with Section 8.2."

1.3 Section 8.2.1. Section 8.2.1 of the Collaboration Agreement is hereby deleted in its entirety and replaced with the following:

"**8.2.1 Pre-Payment of CMC Costs and Supply Costs**. At least thirty (30) days but no more than [**] prior to the end of each Calendar Quarter during the Research Term for each Research Program, Mersana will provide to Janssen an invoice reflecting for the next upcoming [**] (i) the amount of the CMC Costs to be incurred or accrued by Mersana and its Affiliates in the performance of CMC Development activities in accordance with the applicable CMC Plan as set forth under Section 2.3.4 and Preclinical Supply Costs for Licensed ADCs to be used in Research Plan activities in accordance with Section 6.3.2, in each case that are reflected in the CMC/Preclinical Supply Budget for such Research Program, plus (ii) the amount of any Excess CMC/Preclinical Supply Costs for prior [**] that Janssen is obligated to reimburse in accordance with Section 8.2.2(a)(i), and minus (iii) the amount of any Surplus CMC/Preclinical Supply Payment for the prior [**] that Janssen is permitted to offset pursuant to Section 8.2.2(a)(ii) (the sum of (i) and (ii) minus (iii), the "**CMC/Preclinical SupplyPre-Payment Amount**"). Janssen will pay to Mersana within [**], but in no event later than [**] after receipt of an invoice the CMC/Preclinical Supply Pre-Payment Amount reflected in such invoice. Notwithstanding the foregoing, Mersana will use Diligent Efforts to commence any and all activities under this Agreement, whether under the CMC Plan or the Research Plan, that form the basis for an invoice sent to Janssen under Section 8.2.1.

(a) **Reconciliation**. Within [**] after the end of each [**] for which Janssen has paid any CMC/Preclinical Supply Pre-Payment Amount, Mersana will provide Janssen with a reasonably detailed statement ("**CMC/Preclinical SupplyCostsStatement**") reflecting the CMC Costs and Supply Costs actually incurred or accrued by Mersana for such [**] accompanied by a reasonable supporting explanation and documentation for such amounts. Supporting documentation shall include FTE records and records of Out-of-Pocket Expenses (such as Third Party statements of work and, once available, Third Party invoices, or accruals validated by the applicable Third Party). Mersana shall not include any CMC Costs or Supply Costs of more than [**] of the aggregate CMC Costs and Supply Costs

budgeted for such [**] if such costs are not included in the CMC/Preclinical Supply Budget, unless approved by the JMC.

(i) Underpayment. If the CMC Costs and Supply Costs reflected in the CMC/Preclinical Supply Reconciliation Statement exceed the CMC/Supply Pre-Payment Amount paid by Janssen for such [**] pursuant to Section 8.2.1 (after giving effect to any amounts carried forward from previous [**] pursuant to this Section 8.2.2(a)(i) and offset by Janssen from the previous [**] pursuant to Section 8.2.2(a)(ii)), the excess amount will be paid by Janssen within [**], but in no event later than [**] following receipt of an invoice from

Mersana for such excess amount. Notwithstanding the foregoing, in the event that Mersana incurs or accrues more than [**] of the aggregate CMC Costs and Supply Costs budgeted for such [**] in the applicable CMC/Preclinical Supply Budget (the amount more than [**], the "**Excess CMC/Preclinical Supply Costs**"), the Excess CMC/Preclinical Supply Costs shall be carried forward to subsequent [**], provided that such [**] fall within the same Calendar Year, and solely to the extent that the total CMC Costs and Supply Costs for the Calendar Year to-date period are not in excess of [**] of the applicable CMC/Preclinical Supply Budget for such Calendar Year. Janssen shall not be obligated to reimburse such Excess CMC/Preclinical Supply Costs to the extent that such Excess CMC/Preclinical Supply Costs exceed [**] of the applicable CMC/Preclinical Supply Budget on a Calendar Year to-date basis in a given Calendar Year (unless Mersana notifies the JMC of such Excess CMC/Preclinical Supply Costs in advance and Janssen agrees to pay such Excess CMC/Preclinical Supply Costs).

(ii) Overpayment. If the CMC Costs and Supply Costs reflected in the CMC/Preclinical Supply Reconciliation Statement are less than the CMC/Preclinical Supply Pre-Payment Amount paid by Janssen for such [**] (after giving effect to any amounts carried forward from previous [**] pursuant to Section 8.2.2(a)(i) and offset by Janssen from the previous [**] pursuant to this Section 8.2.2(a)(ii)) (such difference, the "**Surplus CMC/Preclinical SupplyPayment**"), the Surplus CMC/Preclinical Supply Payment will be carried forward and applied to the CMC/Preclinical Supply Pre-Payment Amount for the next subsequent [**]. Any Surplus CMC/Preclinical Supply Payment retained by Mersana and not credited hereunder before the later of the Research Completion Date and the CMC Completion Date for a Research Program will be refunded to Janssen within [**] following such Research Completion Date or CMC Completion Date, as applicable, or the earlier termination of this Agreement."

(iii) Payments. For the CMC/Preclinical Supply Pre-Payment Amount, Janssen will pay Mersana the undisputed amounts set forth in any invoice submitted pursuant to this Section 8.2.1 within [**] but in no event later than [**] after receipt of the applicable invoice by Janssen. As part of the reconciliation process set forth in Section 8.2.1(a), if the documentation provided by Mersana is not sufficient to substantiate the invoiced costs and expenses, Janssen may reasonably request and Mersana shall provide additional FTE records, Third Party invoices and Third Party validations of accruals to substantiate the invoiced costs and expenses. Mersana will not double charge Janssen for any costs or expenses subject to reimbursement under this Section 8.2.1."

1.4 Section 8.2.3. Section 8.2.3 of the Collaboration Agreement is hereby deleted in its entirety and replaced with the following:

"8.2.3 Payments. Except as otherwise agreed by the Parties in connection with Amendment No. 2 of the Agreement, Janssen will pay Mersana the undisputed amounts set forth in any invoice submitted pursuant to this Section 8.2 within [**] after receipt of the applicable invoice by Janssen. Janssen may request and Mersana shall provide FTE records and Third Party invoices to substantiate the invoiced costs and expenses. Mersana will not double charge Janssen for any costs or expenses subject to reimbursement under this Section 8.2."

ARTICLE II – MISCELLANEOUS

2.1 Effectiveness. Except as specifically set forth in this Amendment, all terms and conditions of the Collaboration Agreement are hereby ratified and shall remain in full force and effect. Amendments made pursuant to this Amendment shall be effective as of the Amendment Effective Date.

2.2Conflicts. In the event of a conflict between a provision of the Original Agreement and a provision of this Amendment, the provisions of this Amendment will control to the extent of such conflict.

2.3Applicable Law; Jurisdiction. This Amendment shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of law principles thereof that may dictate application of the laws of any other jurisdiction.

2.4Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be signed or delivered by facsimile or electronically scanned signature page.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the Amendment Effective Date.

MERSANA THERAPEUTICS, INC.

By: /s/ Brian DeSchuytner
Name: Brian DeSchuytner
Title: Chief Operating Officer

JANSSEN BIOTECH, INC.

By: /s/ Rajiv S. Shah
Name: Rajiv S. Shah
Title: Assistant Secretary

[Signature Page to Amendment No. 2 to Research Collaboration and License Agreement]

Exhibit 10.3

EXECUTION COPY

RETIREMENT AND SEPARATION AGREEMENT

This Retirement and Separation Agreement (the "Agreement") is made as of September 5, 2023 (the "Agreement Effective Date") by and between Anna Protopapas (the "Executive") and Mersana Therapeutics, Inc. ("Mersana" or the "Company") (together, the "Parties").

WHEREAS,the Company and Executive are parties to that certain amended and restated letter agreement dated as of March 17, 2017 (the "Offer Letter"), under which Executive currently serves as President and Chief Executive Officer of the Company;

WHEREAS, Executive has notified the Company of her desire to retire from the Company, and the Parties mutually have agreed to establish terms for Executive's separation from employment with the Company and continued service on the Board of Directors of the Company (the "Board"); and

WHEREAS, the Parties agree that the payments, benefits and rights set forth in this Agreement shall be the exclusive payments, benefits and rights due Executive in connection with her retirement and separation from employment with the Company and in connection with her continued service on the Board;

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

1) **Retirement Date**

a) Executive's effective date of retirement and separation from employment with the Company will be September 10, 2023 (the "Retirement Date") and such retirement and separation will be announced by the Parties on September 6, 2023. As of the Retirement Date, Executive hereby resigns from her positions as President and Chief Executive Officer of the Company and from any and all other positions she holds as an officer or employee of the Company or as an officer or director of any

subsidiary of the Company, and further agrees to execute and deliver any documents reasonably necessary to effectuate such resignations, as requested by the Company. As of the Retirement Date, the Offer Letter will terminate and be of no further force or effect; provided, however, that the Nondisclosure, Noncompetition and Assignment of Intellectual Property Agreement dated February 2, 2015 and referenced in the Offer Letter (the "Restrictive Covenants Agreement") shall remain in full force and effect from and after the Retirement Date.

b) By no later than September 15, 2023, Executive shall be paid, in accordance with the Company's regular payroll practices, all unpaid base salary earned through such date, including any amounts for accrued unused vacation time to which Executive is entitled through the Retirement Date in accordance with Company policy, reimbursement of any properly incurred unreimbursed business expenses incurred through the Retirement Date and the amount equal to any money paid into the Company's Employee Stock Purchase Plan for the remainder of the plan period in which the Retirement Date occurs (together, the "Accrued Obligations"). As of Executive's Retirement Date, all salary payments from the Company will cease and any benefits Executive had as of such date under Company-provided benefit plans, programs, or practices will terminate, except as

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required by federal or state law or as otherwise specifically set forth in this Agreement.

2) **Membership on Company's Board of Directors**. The Executive shall remain a member of the Company's Board of Directors through the expiration of her current term and thereafter as nominated and elected in accordance with the Company's guidelines and policies related to nomination and election of members of the Board and the Company's certificate of incorporation and bylaws. After the Retirement Date, while the Executive is a non-employee director of the Company, Executive shall receive the compensation set forth in the Amended and Restated Non-Employee Director Compensation Policy, with an effective date of December 1, 2022, as amended from time to time, including annual cash compensation and annual equity grants (the "NED Compensation Policy"). For the avoidance of doubt, pursuant to the NED Compensation Policy, Executive shall receive a pro-rated cash retainer payment for the third quarter of 2023 for her service as a non-employee director between September 11, 2023 and September 30, 2023. Additionally, on September 11, 2023, subject to approval by the Board, Executive shall be granted an option to purchase 16,643 shares of Common Stock at an exercise price per share equal to the closing price of the Company's common stock, par value $0.0001 per share (the "Common Stock") on September 11, 2023, and 16,643 restricted stock units ("RSUs"), each RSU representing the contingent right to receive one share of Common Stock, which options and RSUs shall be subject to the terms of the Company's 2017

Stock Incentive Plan and shall vest on the same schedule as the annual awards granted to the Company's non-employee directors on June 8, 2023.

3) **Retirement Benefits**. In consideration of Executive's entering into and abiding by the commitments and obligations set forth in this Agreement and provided Executive (i) signs and returns this Agreement on or before September 6, 2023, (ii) continues employment through the Retirement Date in accordance with the terms hereof, (iii) signs and returns the Additional Release of Claims attached hereto as Attachment A (the "Additional Release") no earlier than the Retirement Date and no later than September 27, 2023 and does not timely revoke such Additional Release as described therein, and (iv) complies with the terms of this Agreement, the Additional Release and the Restrictive Covenants Agreement, the Company will provide Executive with the following retirement benefits (the "Retirement Benefits"):

a) Although following the Retirement Date, Executive will no longer be eligible to receive the performance bonus described in the Offer Letter, the Company will nonetheless provide Executive with a payment of the performance bonus that she would have earned for 2023, pro-rated for the portion of 2023 for which Executive was employed by the Company, based on Company performance as assessed by the Board of Directors (or a duly authorized committee thereof). This bonus shall be paid to Executive in a lump sum payment, less all applicable taxes and withholdings, at the time the Company regularly pays out management bonuses for 2023, but in no event later than March 15, 2024.

b) Executive and the Company hereby agree that, notwithstanding any term of any outstanding stock option or restricted stock unit held by Executive or in any other agreement between the Company and Executive, (i) the vesting with respect to that certain stock option granted January 15, 2021 (grant no. 001409) (the "2021 Option") shall cease vesting on the Retirement Date and Executive shall have a period of three months following the Retirement Date to exercise the vested portion of the 2021 Option (and thereafter any unexercised portion of the 2021 Option shall be forfeited), and (ii) any and all other such stock options and

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restricted stock unit awards shall continue to vest through January 31, 2025, subject to Executive's continued service to the Company through such date. In addition, notwithstanding any term of any outstanding stock option or in any other agreement between the Company and the Executive, the exercise period for each stock option held by the Executive (other than the 2021 Option, which shall be exercisable as set forth in clause (i) above), shall expire on the earlier of the end of the applicable

term of the option and three months after Executive ceases to be a member of the Board. Executive agrees and acknowledges that by virtue of the extension of the post-termination exercise period for Executive's stock options provided for in the previous sentence, any stock options that were intended to be "incentive stock options" under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), shall, as of the effective date of such extension, be treated as, and taxable as, non-qualified stock options for all tax purposes.

Other than the Retirement Benefits and Accrued Obligations, Executive will not be eligible for, nor shall she have a right to receive, any payments or benefits from the Company following the Retirement Date. For the avoidance of doubt, Executive acknowledges that she is not eligible for or entitled to receive any severance benefits or other payments or benefits pursuant to the Offer Letter, and further acknowledges that she will not be eligible to receive the Retirement Benefits (or any payments or benefits from the Company other than the Accrued Obligations) if she fails to timely enter into this Agreement and the Additional Release or if she fails to comply with her obligations under this Agreement, the Additional Release or the Restrictive Covenants Agreement.

4) **Release of Claims**. Except as otherwise set forth in Sections 4(i)-(vi) below, in consideration of the Retirement Benefits, which Executive acknowledges she would not otherwise be entitled to receive, Executive hereby fully, forever, irrevocably and unconditionally releases, remises and discharges the Company, its affiliates, subsidiaries, parent companies, predecessors, and successors, and all of their respective past and present officers, directors, stockholders, partners, members, employees, agents, representatives, plan administrators, attorneys, insurers and fiduciaries (each in their individual and corporate capacities) (collectively, the "Released Parties") from any and all claims, charges, complaints, demands, actions, causes of action, suits, rights, debts, sums of money, costs, accounts, reckonings, covenants, contracts, agreements, promises, doings, omissions, damages, executions, obligations, liabilities, and expenses (including attorneys' fees and costs), of every kind and nature that Executive ever had or now has against any or all of the Released Parties, whether known or unknown, including, but not limited to, any and all claims arising out of or relating to Executive's employment with, separation or retirement from, and/or ownership of securities of the Company, including, but not limited to, all claims under Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e etseq., the Americans With Disabilities Act of 1990, 42 U.S.C. § 12101 etseq., the Genetic Information Nondiscrimination Act of 2008, 42 U.S.C. § 2000ff etseq., the Family and Medical Leave Act, 29 U.S.C. § 2601 etseq., the Worker Adjustment and Retraining Notification Act ("WARN"), 29 U.S.C. § 2101 etseq., the Rehabilitation Act of 1973, 29 U.S.C. § 701 etseq., Executive Order 11246, Executive Order 11141, the Fair Credit Reporting Act, 15 U.S.C. § 1681 etseq., and the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 1001 etseq., all as amended; all claims arising out of the Massachusetts Fair Employment Practices Act, Mass. Gen. Laws ch. 151B, § 1 etseq., the Massachusetts Civil Rights Act, Mass. Gen. Laws ch. 12, §§ 11H and 11I, the Massachusetts Equal Rights Act, Mass. Gen. Laws. ch. 93, § 102, Mass. Gen. Laws ch. 214, § 1C (Massachusetts right to be free from sexual harassment law), the Massachusetts Labor and Industries Act, Mass. Gen. Laws ch. 149, § 1 etseq., Mass. Gen. Laws ch. 214, § 1B (Massachusetts right of privacy law), the Massachusetts

Parental Leave Act, Mass. Gen. Laws ch. 149, § 105D, the Massachusetts Paid Family and Medical Leave Act, Mass. Gen. Laws ch. 175m, § 1, etseq., the Massachusetts Earned Sick Time Law, Mass. Gen. Laws ch. 149, § 148c, and the Massachusetts Small Necessities Leave Act, Mass. Gen. Laws ch. 149, § 52D, all as amended; all rights and claims under the Massachusetts Wage Act, Mass. Gen. Laws ch. 149, § 148 etseq., as amended (Massachusetts law regarding payment of wages and overtime), including any rights or claims thereunder to unpaid wages, including overtime, bonuses, commissions, and accrued, unused vacation time as of the date Executive executes this Agreement; all common law claims including, but not limited to, actions in defamation, intentional infliction of emotional distress, misrepresentation, fraud, wrongful discharge, and breach of contract (including, without limitation, all claims arising out of or related to the Offer Letter); all claims, other than as set forth in Section 4(iv) below, to any non-vested ownership interest in the Company or any of its affiliates, contractual or otherwise; all state and federal whistleblower claims to the maximum extent permitted by law; and any claim or damage arising out of Executive's employment with and/or separation from the Company (including a claim for retaliation) under any common law theory or any federal, state or local statute or ordinance not expressly referenced above; provided, however, that this release of claims shall not (i) prevent Executive from filing a charge with, cooperating with, or participating in any investigation or proceeding before, the Equal Employment Opportunity Commission or a state fair employment practices agency (except that Executive acknowledges that she may not recover any monetary benefits in connection with any such charge, investigation, or proceeding, and Executive further waives any rights or claims to any payment, benefit, attorneys' fees or other remedial relief in connection with any such charge, investigation or proceeding); (ii) deprive Executive of any rights Executive may have to be indemnified by the Company as provided in any agreement between the Company and Executive or pursuant to the Company's Certificate of Incorporation or Bylaws and/or any insurance coverage applicable to Executive under any Company insurance policy applicable to acts or omissions of Directors and/or Officers of the Company; (iii) prevent Executive from enforcing any of the terms and covenants of this Agreement after it becomes effective; (iv) prevent continued vesting of certain equity grants as set forth in Section 3(b)(ii) of this Agreement; (v) deprive Executive of any rights Executive may have as a shareholder of the Company; or (vi) constitute a waiver or release of any right to the Accrued Obligations that remain unpaid as of the Agreement Effective Date.

5) **Ongoing Obligations**. Executive acknowledges and reaffirms her obligation, except as otherwise permitted by Section 9 below, to keep confidential and not to use or disclose any and all non-public information concerning the Company acquired by her during the course of her employment with and/or service as a director of the Company, including, but not limited to, any non-public information concerning the Company's business, operations, products, programs, affairs, performance, personnel, technology, science, intellectual property, plans, strategies, approaches, prospects, financial condition or development

related matters. Executive also acknowledges and reaffirms all of her continuing obligations pursuant to the Restrictive Covenants Agreement, which survive her separation from employment with the Company and shall remain in full force and effect.

6) **Non-Disparagement**. Executive understands and agrees that, except as otherwise permitted by Section 9 below, she will not, in public or private, make any false, disparaging, negative, critical, adverse, derogatory or defamatory statements, whether orally or in writing, including online (including, without limitation, on any social media, networking, or employer review site) or otherwise, to any person or entity, including, but not limited to, any media outlet, industry group, key opinion leader, financial institution,

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research analyst or current or former employee, board member, consultant, shareholder, client or customer of the Company, regarding the Company, or any of the other Released Parties, or regarding the Company's business, operations, products, programs, affairs, performance, personnel, technology, science, intellectual property, plans, strategies, approaches, prospects, financial condition or development related matters. In turn, the Company agrees to instruct its officers and directors not to, in public or private, make any false, disparaging, derogatory or defamatory statements, online (including, without limitation, on any social media, networking, or employer review site) or otherwise, to any person or entity, including, but not limited to, any media outlet, industry group, key opinion leader, financial institution, research analyst, or current or former board member, consultant, client, or customer of the Company, regarding Executive. Notwithstanding the foregoing, Executive is permitted make truthful statements in the good faith performance of Executive's responsibilities as a director of the Company.

7) **Return of Company Property**. The Company agrees that Executive may keep the laptop issued to her by the Company; provided that, if Executive ceases to be a director of the Company, Executive will cooperate with the Company in order to have such laptop wiped clean of all Company data and information. The Company further agrees that Executive will retain the Company E-mail address she had during her employment as long as she is a director of the Company. Executive confirms that, except as has been agreed to by the Company, she will return to the Company all other property of the Company, tangible or intangible, including but not limited to files, records (and copies thereof), Company-issued equipment, Company identification and any other Company-owned property in her possession or control and that she will leave intact all electronic Company documents, including but not limited to those that she developed or helped to develop during her employment. As of Executive's Retirement Date, the Company will cancel all accounts for Executive's benefit, if any, in the Company's name, including but not limited to, credit cards. Notwithstanding the foregoing, Executive may retain documents and information related to the terms and

conditions of her employment and/or retirement or that are necessary for her continued service on the Board.

8) **Confidentiality**. Executive understands and agrees that, except as otherwise permitted by Section 9 below, the contents of the negotiations and discussions resulting in this Agreement shall be maintained as confidential by Executive and her agents and representatives and shall not be disclosed except as otherwise agreed to in writing by the Company and except to her immediate family, legal, financial and tax advisors, on the condition that any individuals so informed must hold the above information in strict confidence.

9) **Scope of Disclosure Restrictions**. Nothing in this Agreement, the Additional Release, or elsewhere prohibits Executive from communicating with government agencies about possible violations of federal, state, or local laws or otherwise providing information to government agencies, filing a complaint with government agencies, or participating in government agency investigations or proceedings. Executive is not required to notify the Company of any such communications; provided, however, that nothing herein authorizes the disclosure of information Executive obtained through a communication that was subject to the attorney-client privilege. Further, notwithstanding Executive's confidentiality and nondisclosure obligations, Executive is hereby advised as follows pursuant to the Defend Trade Secrets Act: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other

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document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order."

10) **Cooperation**. Executive agrees that, to the extent permitted by law, she shall reasonably cooperate at reasonable times mutually agreed upon by Executive and the Company, with the Company in the investigation, defense or prosecution of any claims or actions which already have been brought, are currently pending, or which may be brought in the future against the Company by a third party or by or on behalf of the Company against any third party, whether before a state or federal court, any state or federal

government agency, or a mediator or arbitrator. Executive's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with the Company's counsel, at reasonable times and locations designated by the Company, to investigate or prepare the Company's claims or defenses, to prepare for trial or discovery or an administrative hearing, mediation, arbitration or other proceeding, to provide any relevant information in her possession, and to act as a witness when requested by the Company. The Company will reimburse Executive for all reasonable and documented out of pocket costs that she incurs to comply with this paragraph. In addition, if Executive is no longer a director of the Company, the Company will pay Executive a fee of $500 per hour, or an increased hourly fee as mutually agreed upon by Executive and the Company when such cooperation is requested by the Company, for time Executive spends cooperating with the Company, except the Company will not at any time pay Executive any fee for time spent providing testimony in any arbitration, trial, administrative hearing or other proceeding. Executive further agrees that, to the extent permitted by law, she will notify the Company promptly in the event that she is served with a subpoena (other than a subpoena issued by a government agency), or in the event that she is asked to provide a third party (other than a government agency) with information concerning any actual or potential complaint or claim against the Company.

11) **Tax Acknowledgement; Code Section 409A**.

a) Executive acknowledges that she is not relying upon the advice or representation of the Company with respect to the tax treatment of any of the consideration set forth herein. Any and all payments made hereunder shall be subject to all applicable withholding.

b) This Agreement and all payments and benefits provided for hereunder are intended to be exempt from, or if not so exempt, to comply with, the requirements of Section 409A of the Code and the guidance issued thereunder ("Section 409A"), and this Agreement shall be interpreted and implemented accordingly. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A, the provision shall be read in such a manner so that all payments and benefits hereunder are either exempt from or comply with Section 409A. The Company makes no representation or warranty and shall have no liability to the Executive or to any other person if any of the provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A but that do not satisfy an exemption from, or the conditions of, that section.

c) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A, and to the extent that

such payment or benefit is payable upon Executive's termination of employment, then such payments or benefits shall be payable only upon Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder. Notwithstanding anything to the contrary in this Agreement, if, upon Executive's separation from service, Executive is a "specified employee" as defined under Section 409A, then, to the extent required under Section 409A, any amounts that would otherwise be payable, on account of Executive's separation from service, within six (6) months following Executive's separation that would constitute deferred compensation within the meaning of Section 409A and that would not qualify for an exemption under Section 409A, shall instead be paid in a lump sum on the first business day following the expiration of such six (6) month period, or if earlier, upon Executive's death.

12) **Amendment and Waiver**. This Agreement and the Additional Release, upon their respective effective dates, shall be binding upon the Parties and may not be modified in any manner, except by an instrument in writing of concurrent or subsequent date signed by duly authorized representatives of the Parties. This Agreement and the Additional Release are binding upon and shall inure to the benefit of the Parties and their respective agents, assigns, heirs, executors/administrators/personal representatives, and successors. No delay or omission by the Company in exercising any right under this Agreement or the Additional Release shall operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion shall be effective only in that instance and shall not be construed as a bar to or waiver of any right on any other occasion.

13) **Validity**. Should any provision of this Agreement or the Additional Release be declared or be determined by any court of competent jurisdiction to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal or invalid part, term or provision shall be deemed not to be a part of this Agreement or the Additional Release.

14) **Nature of Agreement**. Both Parties understand and agree that this Agreement is a retirement and release of claims agreement and does not constitute an admission of liability or wrongdoing on the part of the Company or Executive.

15) **Acknowledgments**. Executive understands that she will not be eligible to receive the Retirement Benefits unless she timely signs, returns, and does not revoke the Additional Release. Executive acknowledges that she has been given a reasonable amount of time to consider this Agreement, and until September 27, 2023 to consider the Additional Release (such 21-day period, the "Consideration Period"), and that the Company is hereby advising her to consult with an attorney of her own choosing prior to signing this Agreement and the Additional Release. Executive further acknowledges and agrees that any changes made to this Agreement or any exhibits or attachments hereto following her initial receipt of this Agreement, whether material or immaterial, shall not re-start or affect in any manner the Consideration Period. Executive understands that she may revoke the Additional Release for a period of seven (7) days after she signs it by notifying the Company in writing, and that the Additional Release shall not be effective or enforceable until the expiration of the seven (7) day revocation period. Executive understands and agrees that by entering

into the Additional Release she will be waiving any and all rights or claims she might have under the Age Discrimination in Employment

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Act, as amended by the Older Workers Benefit Protection Act, and that she will have received consideration beyond that to which she was previously entitled.

16) **Voluntary Assent**. Executive affirms that no other promises or agreements of any kind have been made to or with Executive by any person or entity whatsoever to cause her to sign this Agreement, and that she fully understands the meaning and intent of this Agreement and that she has been represented by counsel of her own choosing. Executive further states and represents that she has carefully read this Agreement, understands the contents herein, freely and voluntarily assents to all of the terms and conditions hereof, and signs her name of her own free act.

17) **Governing Law**. This Agreement and the Additional Release shall be interpreted and construed by the laws of the Commonwealth of Massachusetts, without regard to conflict of laws provisions. Each of the Company and Executive hereby irrevocably submits to and acknowledges and recognizes the exclusive jurisdiction and venue of the courts of the Commonwealth of Massachusetts, or if appropriate, the United States District Court for the District of Massachusetts (which courts, for purposes of this Agreement and the Additional Release, are the only courts of competent jurisdiction), over any suit, action or other proceeding arising out of, under or in connection with this Agreement and the Additional Release or the subject matter thereof.

18) **Entire Agreement**. This Agreement, including the Additional Release and Restrictive Covenants Agreement, contains and constitutes the entire understanding and agreement between the Parties hereto with respect to Executive's retirement and separation from the Company, and the settlement of claims against the Company, and cancels all previous oral and written negotiations, agreements, commitments and writings in connection therewith, including, without limitation, the Offer Letter.

19) **Counterparts**. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Facsimile and PDF signatures shall be deemed to be of equal force and effect as originals.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Parties have set their hands and seals to this Agreement as of the date(s) written below.

MERSANA THERAPEUTICS, INC.

/s/ Alejandra Carvajal

By: Alejandra Carvajal
Title: SVP, Chief Legal Officer & Secretary

I hereby agree to the terms and conditions set forth above. I have been given a reasonable amount of time to consider this Agreement and I have chosen to execute this on the date below. I further understand that my receipt of the Retirement Benefits is contingent upon my timely execution, return and non-revocation of the Additional Release, and that I have been given at least twenty-one (21) days to consider such Additional Release, and will have seven (7) days in which to revoke my acceptance after I sign such Additional Release.

ANNA PROTOPAPAS

/s/ Anna Protopapas Date: 9/5/2023

[*Signature Page to Retirement and Separation Agreement*]

ATTACHMENT A

ADDITIONAL RELEASE OF CLAIMS

This Additional Release of Claims (this "Additional Release") is made by Anna Protopapas ("Executive") as of the date set forth opposite her signature below. Capitalized terms used but not defined herein have the meanings set forth in the Retirement and Separation Agreement to which this Additional Release is attached as Attachment A.

WHEREAS, Executive's Retirement Date has occurred on or prior to the execution of this Additional Release; and

WHEREAS, Executive is entering into this Additional Release in accordance with the terms and conditions set forth in the Retirement and Separation Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Executive hereby agrees as follows:

1. **Release** – Except as otherwise set forth in Sections 4(i)-(v) below, in consideration of the Retirement Benefits set forth in the Retirement and Transition Agreement, which Executive acknowledges she would not otherwise be entitled to receive, Executive hereby fully, forever, irrevocably and unconditionally releases, remises and discharges the Company, its affiliates, subsidiaries, parent companies, predecessors, and successors, and all of their respective past and present officers, directors, stockholders, partners, members, employees, agents, representatives, plan administrators, attorneys, insurers and fiduciaries (each in their individual and corporate capacities) (collectively, the "Released Parties") from any and all claims, charges, complaints, demands, actions, causes of action, suits, rights, debts, sums of money, costs, accounts, reckonings, covenants, contracts, agreements, promises, doings, omissions, damages, executions, obligations, liabilities, and expenses (including attorneys' fees and costs), of every kind and nature that Executive ever had or now has against any or all of the Released Parties up to the date on which she signs this Additional Release, whether known or unknown, including, but not limited to, any and all claims arising out of or relating to Executive's employment with, separation or retirement from, and/or ownership of securities of, the Company including, but not limited to, all claims under Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq., the Americans With Disabilities Act of 1990, 42 U.S.C. § 12101 etseq., the Age Discrimination in Employment Act, 29 U.S.C. § 621 etseq., the Genetic Information Nondiscrimination Act of 2008, 42 U.S.C. § 2000ff etseq., the Family and Medical Leave Act, 29 U.S.C. § 2601 etseq., the Worker Adjustment and Retraining Notification Act ("WARN"), 29 U.S.C. § 2101 etseq., the Rehabilitation Act of 1973, 29 U.S.C. § 701 etseq., Executive Order 11246, Executive Order 11141, the Fair Credit Reporting Act, 15 U.S.C. § 1681 etseq., and the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 1001 etseq., all as amended; all claims arising out of the Massachusetts Fair Employment Practices Act, Mass. Gen. Laws ch. 151B, § 1 etseq., the Massachusetts Civil Rights Act, Mass. Gen. Laws ch. 12, §§ 11H and 11I, the Massachusetts Equal Rights Act, Mass. Gen. Laws. ch. 93, § 102, Mass.

Gen. Laws ch. 214, § 1C (Massachusetts right to be free from sexual harassment law), the Massachusetts Labor and Industries Act, Mass. Gen. Laws ch. 149, § 1 etseq., Mass. Gen. Laws ch. 214, § 1B (Massachusetts right of privacy law), the Massachusetts Parental Leave Act, Mass. Gen. Laws ch. 149, § 105D, the Massachusetts Paid Family and Medical Leave Act, Mass. Gen. Laws ch. 175m, § 1, etseq., the Massachusetts Earned Sick Time Law, Mass. Gen. Laws ch. 149, § 148c, and the Massachusetts Small Necessities Leave Act, Mass. Gen. Laws ch. 149, § 52D, all as amended; all rights and claims under the Massachusetts Wage Act, Mass. Gen. Laws ch. 149, § 148 etseq., as amended (Massachusetts law regarding payment of wages and overtime), including any rights or claims thereunder to unpaid wages, including overtime, bonuses,

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commissions, and accrued, unused vacation time; all common law claims including, but not limited to, actions in defamation, intentional infliction of emotional distress, misrepresentation, fraud, wrongful discharge, and breach of contract (including, without limitation, all claims arising out of or related to the Offer Letter); all claims other than as set forth in Section 1(iv) below to any non-vested ownership interest in the Company or any of its affiliates, contractual or otherwise; all state and federal whistleblower claims to the maximum extent permitted by law; and any claim or damage arising out of Executive's employment with and/or separation from the Company (including a claim for retaliation) under any common law theory or any federal, state or local statute or ordinance not expressly referenced above; provided, however, that this release of claims shall not (i) prevent Executive from filing a charge with, cooperating with, or participating in any investigation or proceeding before, the Equal Employment Opportunity Commission or a state fair employment practices agency (except that Executive acknowledges that she may not recover any monetary benefits in connection with any such charge, investigation, or proceeding, and Executive further waives any rights or claims to any payment, benefit, attorneys' fees or other remedial relief in connection with any such charge, investigation or proceeding); (ii) deprive Executive of any rights Executive may have to be indemnified by the Company as provided in any agreement between the Company and Executive or pursuant to the Company's Certificate of Incorporation or Bylaws and/or any insurance coverage applicable to Executive under any Company insurance policy applicable to acts or omissions of Directors and/or Officers of the Company; (iii) prevent Executive from enforcing any of the terms and covenants of this Agreement after it becomes effective; (iv) prevent continued vesting of certain equity grants as set forth in Section 3(b)(ii) of the Retirement and Separation Agreement; or (v) deprive Executive of any rights Executive may have as a shareholder of the Company.

2. **Return of Company Property**– The Company agrees that Executive may keep the laptop issued to her by the Company; provided that, if the Executive ceases to be a director of the Company, Executive will cooperate with the Company in order to have such laptop wiped clean of all Company data and information. The Company further agrees that Executive will retain the Company E-mail address she had during her employment

as long as she is a director of the Company. Executive confirms that, except as has been agreed to by the Company, she has returned to the Company all other property of the Company, tangible or intangible, including but not limited to files, records (and copies thereof), Company-issued equipment, Company identification and any other Company-owned property in her possession or control and that she has left intact all electronic Company documents, including but not limited to those that she developed or helped to develop during her employment. As of Executive's Retirement Date, the Company canceled all accounts for Executive's benefit, if any, in the Company's name, including but not limited to, credit cards. Notwithstanding the foregoing, Executive may retain documents and information related to the terms and conditions of her employment and/or retirement or that are necessary for her continued service on the Board.

3. **Business Expenses; Final Compensation** – Executive acknowledges that she has been reimbursed by the Company for all business expenses incurred in conjunction with the performance of her employment and that no other reimbursements are owed to her as a result of her employment. Executive further acknowledges that she has received all compensation due to her from the Company, including, but not limited to, all wages, bonuses and accrued, unused vacation time, and that she is not eligible or entitled to receive any additional payments or consideration from the Company beyond the Retirement Benefits (and any compensation as a non-employee director in accordance with Section 2 of the Retirement and Separation Agreement).

4. **Time for Consideration; Acknowledgments** – Executive acknowledges that, in order to receive the Retirement Benefits, she must sign and return this Additional Release no earlier than the Retirement Date and no later than September 27, 2023 and she must continue to comply with her obligations under the Restrictive Covenants Agreement (as defined in the

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Retirement and Separation Agreement). Executive acknowledges that she has been given at least twenty-one (21) days to consider this Additional Release, and that the Company advised her to consult with an attorney of her own choosing prior to signing this Additional Release. Executive understands that she may revoke this Additional Release for a period of seven (7) days after she signs it by notifying the Company in writing, and the Additional Release shall not be effective or enforceable until the expiration of this seven (7) day revocation period (the day immediately following expiration of such revocation period). In the event Executive executes this Additional Release prior to September 27, 2023, she acknowledges that such decision is entirely voluntary and that she has had the opportunity to consider such release until the end of the twenty-one (21) day period. Executive understands and agrees that by entering into this Additional Release, she is waiving any and all rights or claims she might have under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, and that she has received consideration beyond that to which she was previously entitled.

5. **Voluntary Assent** – Executive affirms that no other promises or agreements of any kind have been made to or with her by any person or entity whatsoever to cause her to sign this Additional Release, and that she fully understands the meaning and intent of this Additional Release. Executive states and represents that she has had an opportunity to fully discuss and review the terms of this Additional Release with an attorney. Executive further states and represents that she has carefully read this Additional Release, understands the contents herein, freely and voluntarily assents to all of the terms and conditions hereof, and signs her name of her own free act.

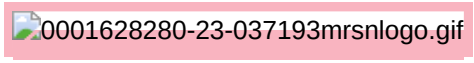
For the avoidance of doubt, this Additional Release supplements, and in no way limits, the Retirement and Separation Agreement.

I hereby provide this Additional Release as of the current date and acknowledge that the execution of this Additional Release is in further consideration of the Retirement Benefits, to which I acknowledge I would not be entitled if I did not enter into this Additional Release. I intend that this Additional Release will become a binding agreement between me and the Company if I do not revoke my acceptance in seven (7) days.

ANNA PROTOPAPAS

Date:

Exhibit 10.4



Mersana Therapeutics, Inc.
840 Memorial Dr.
Cambridge, MA 02139

September 5, 2023

VIA Electronic Delivery

Martin Huber, M.D.

Dear Marty:

I am pleased to offer you the position of President and Chief Executive Officer ("CEO") of Mersana Therapeutics, Inc. (the "Company"), and present you with the terms and conditions of your employment by the Company, as set forth in this letter agreement (this "Agreement").

Position. As CEO, you will be responsible for such duties as are consistent with such position, plus such other duties as may from time to time be assigned to you by the Company, and you shall report to the Board of Directors of the Company (the "Board of Directors"). So long as you are employed by the Company as its CEO, the Board of Directors shall re-nominate you at each applicable annual meeting to serve as a member of the Board of Directors, with no additional remuneration payable for such service. Upon the ending of your employment as CEO, if so requested in writing by the Company, you shall immediately resign from the Board of Directors as well as from your position as CEO and any other position(s) with the Company to which you were elected or appointed in connection with your employment or Board of Directors' membership. As a full-time employee of the Company, you will be expected to devote your full business time and energies to the business and affairs of the Company and shall not engage in any other employment, consulting or other business activity with any third party without the prior consent of the Board of Directors. Your performance will be reviewed on an annual basis.

You will work out of the Company's office in Cambridge, Massachusetts, with the understanding that you will be required to travel to other locations in connection with the performance of your duties, at the expense of the Company.

Start Date and Nature of Relationship. Your start date is expected to be September 11, 2023. Your employment with the Company will be for no specified period and will constitute "at-will" employment. As a result, either you or the Company may terminate your employment relationship at any time and for any reason. No provision of this Agreement shall be construed to create an express or implied employment contract between you and the Company for any specific period of time.

Base Salary. Your initial base salary will be $26,041.67 per pay period (currently twice per month), which is $625,000 on an annualized basis and will be payable in accordance with the Company's standard payroll schedule and less applicable taxes and withholdings. Your base salary may be adjusted from time to time in accordance with normal business practices and in the sole discretion of the Board of Directors (or a duly authorized committee thereof).

Annual Bonus. You will be eligible for an annual discretionary performance bonus with a target of 60% of your annual base salary, subject to the achievement of performance goals determined

by the Board of Directors (or a duly authorized committee thereof). The amount, terms and conditions of any annual bonus will be determined by the Board of Directors (or a duly authorized committee thereof) in its discretion, subject to the terms and conditions of any applicable bonus plan in effect from time to time and, for 2023, shall be pro-rated based on your start date. You must be an active employee of the Company on the date any bonus is distributed in order to be eligible for and to earn a bonus. The Company will award and pay any bonus for a calendar year before March 15th of the next calendar year.

Stock Options. Subject to approval by the Board of Directors (or a duly authorized committee thereof), the Company will grant to you an option to purchase 1,000,000 shares of the Company's common stock, which option will be granted to you pursuant to the Mersana Therapeutics, Inc. 2017 Stock Incentive Plan (the "Plan"). The options will be subject to all of the terms and conditions set forth in the Plan, the option agreement governing the option, and the Company's standard practices with regard to grants of this nature. These documents will be provided to you at the time the stock option is granted to you. In the event of any conflict between this letter and the Plan or the stock option agreement, the Plan and the stock option agreement will control.

Restricted Stock Units. Subject to approval by the Board of Directors (or a duly authorized committee thereof), the Company will grant to you 667,000 restricted stock units ("RSUs"), which RSUs will be granted to you pursuant to the Plan. The RSUs will be subject to all of the terms and conditions set forth in the Plan, the restricted stock unit agreement governing the RSUs, and the Company's standard practices with regard to grants of this nature. These documents will be provided to you at the time the RSUs are granted to you. In the event of any conflict between this letter and the Plan or the restricted stock unit agreement, the Plan and the restricted stock unit agreement will control.

Benefits. You will be entitled to receive such benefits as are generally provided by the Company to its employees and for which you are eligible in accordance with Company policy and the terms and conditions of the applicable benefit plans, in each case, as in effect from time to time. The Company retains the right to change, add or cease any particular benefit at any time. You initially will be eligible for 12 paid holidays and 4 weeks' paid vacation per year, which vacation eligibility will accrue at a rate of 1.67 days per month of service. You will be subject to the Company's personnel policies in effect from time to time. The Company shall reimburse you for all reasonable and necessary documented out of pocket expenses incurred or paid by you in connection with, or related to, the performance of your services to the Company. You shall abide by the Company's expense reimbursement policy, except as otherwise set forth herein or with the prior written approval of the Chairman of the Board.

Severance. In the event that your employment is terminated by the Company other than for Disqualifying Conduct (as defined below) (and not as a result of your death or disability) or you resign for Good Reason (as defined below) the Company shall, for twelve (12) months following the date your employment terminates, (i) continue to pay you your base salary as in effect on the date of termination (or, to the extent such base salary was reduced giving rise to Good Reason hereunder, as in effect immediately prior to such reduction), in accordance with its standard payroll procedures, and (ii) provided that you timely elect and are eligible to continue coverage in the Company's group health plans in accordance with COBRA or applicable state law, pay a portion of the COBRA or

applicable state law premium contributions on your behalf equal to the excess of the cost of such premiums for you, your spouse and dependents (if applicable) over the amount that you would have paid for such coverage had you remained continuously employed by the Company, at the level you were participating as of the date your employment terminates, in each case, subject to your signing and returning to the Company (and

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not subsequently revoking, as applicable), within 60 days following the date on which your employment terminates or such shorter period as may be directed by the Company, an effective separation agreement in the form provided by the Company (which separation agreement shall include a release of claims and restrictive covenants substantially similar to those contained in the Confidentiality Agreement (as defined below), and an agreement not to compete with the Company for twelve (12) months following your separation from employment) (the "Separation Agreement") and your continued compliance with the Confidentiality Agreement. Notwithstanding the foregoing, if the Company determines that its payment of the COBRA or applicable state law premium contributions would subject the Company to any tax or penalty, then this benefit shall not be provided.. Severance pay will be paid ratably in accordance with the Company's regular payroll practices beginning in the Company's first regular payroll cycle after the Separation Agreement becomes effective; provided, however, that if the 60th day referenced above occurs in the calendar year following the date of your termination, then the severance pay shall begin no earlier than January 1 of such subsequent calendar year.

For all purposes of this Agreement:

"Disqualifying Conduct" shall mean, as determined by the Company: (i) willful misconduct or gross negligence as to a material matter in connection with your duties; (ii) any act or omission constituting material dishonesty or fraud with respect to the Company; (iii) the indictment for, conviction of, or a plea of guilty or *nolo contendere* to, a felony under applicable law; (iv) material violation of a material term of any written Company policy made available to you; (v) failure to attempt in good faith to (A) perform your duties in all material respects or (B) follow a clear, lawful and reasonable directive of the Board of Directors; or (vi) material breach of a fiduciary duty owed to the Company that has caused or could reasonably be expected to cause a material injury to the business; provided, that in no event shall your employment be terminated by reason of Disqualifying Conduct unless (A) an event or circumstance set forth in clauses (i), (ii), (iv) or (v) has occurred and the Company provides you with written notice after the Company has knowledge of the occurrence of existence of such event or circumstance, which notice reasonably identifies the event or circumstance that the Company believes constitutes Disqualifying Conduct and (B) with respect to the events and

circumstances set forth in clause (v) only, you fail to substantially cure the event or circumstance so identified within 30 days of the receipt of such notice; and

"Good Reason" shall mean, without your consent: (i) a material decrease in your base salary; (ii) a material diminution in your authorities, duties or responsibilities, or (iii) the relocation of your principal work location to a location more than 50 miles from its current location; provided, in each case, that (A) you provide written notice to the Company, setting forth in reasonable detail the event or events giving rise to Good Reason within 30 days following the initial occurrence of such event, (B) such event or events are not cured by the Company within a period of 30 days following its receipt of such written notice, and (C) you actually terminate your employment not later than 30 days following the expiration of such cure period.

Change in Control. In the event your employment is terminated by the Company other than for Disqualifying Conduct (and not as a result of your death or disability) or you resign for Good Reason, in each case, on or within 12 months following the consummation of a Change in Control (as defined below), in lieu of the payments set forth in the section entitled "Severance"

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above, (i) the Company shall pay you a lump sum cash severance payment equal to the sum of (A) eighteen (18) months' of your base salary and (B) 1.5 times your annual target bonus, in each case as in effect on the date of termination (or, to the extent such base salary was reduced giving rise to Good Reason hereunder, as in effect immediately prior to such reduction), (ii) for a period of eighteen (18) months following the date your employment terminates and provided that you timely elect and are eligible to continue coverage in the Company's group health plans in accordance with COBRA or applicable state law, the Company shall pay a portion of the COBRA or applicable state law premium contributions on your behalf equal to the excess of the cost of such premiums for you, your spouse and dependents (if applicable) over the amount that you would have paid for such coverage had you remained continuously employed by the Company, at the level you were participating as of the date your employment terminates, and (iii) all of your stock options and other equity-based awards that vest solely based on the passage of time, to the extent outstanding immediately prior to the termination of your employment, will be treated as having vested in full as of immediately prior to such termination of employment, in each case, subject to your signing and returning to the Company (and not subsequently revoking, as applicable), within 60 days following the date on which your employment terminates or such shorter period as may be directed by the Company, an effective Separation Agreement in the form provided to you by the Company and your continued compliance with the Confidentiality Agreement. Notwithstanding the foregoing, if the Company determines that its

payment of the COBRA or applicable state law premium contributions would subject the Company to any tax or penalty, then the Company may elect to pay to you in any month, in lieu of making such payments on your behalf, a cash payment equal to the Company's cost of the monthly premium contribution for that month. Any cash severance payment made under this section entitled "Change in Control" will be paid in accordance with the Company's regular payroll practices beginning in the Company's first regular payroll cycle after the Separation Agreement becomes effective; provided, however, that if the 60th day referenced above occurs in the calendar year following the date of your termination, then the severance pay shall begin no earlier than January 1 of such subsequent calendar year.

For all purposes of this Agreement, the term "Change in Control" shall mean, as determined by the Company, a "change in control event" as that term is defined in the regulations under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

Confidentiality. The Company considers the protection of its confidential information and proprietary materials to be very important. Therefore, as a condition of your employment, you and the Company will become parties to a Nondisclosure and Assignment of Intellectual Property Agreement in the form of Attachment A to this Agreement (the "Confidentiality Agreement"). You acknowledge that your receipt of the grant of equity set forth in the sections entitled "Restricted Stock Units" and "Stock Options" above is contingent upon your agreement to the non-competition provisions set forth in the Confidentiality Agreement. You further acknowledge that such consideration was mutually agreed upon by you and the Company is fair and reasonable in exchange for your compliance with such non-competition obligations. Notwithstanding anything to the contrary in this Agreement, in the event you breach any provision of the Confidentiality Agreement or Separation Agreement (to the extent one arises as provided herein), the Company's obligation to pay or provide, or continue to pay or provide, any salary continuation, severance or other benefits under the sections entitled "Severance" and "Change in Control" of this Agreement, as applicable, shall immediately cease.

Withholding. All payments made under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company, its successors or any of their respective affiliates under applicable law.

Section 409A. This Agreement is intended to comply with, or be exempt from, Section 409A of the Code and shall be interpreted accordingly. Notwithstanding anything to the contrary in this Agreement, if at the time your employment terminates, you are a "specified employee" (as defined below), any and all amounts payable under this Agreement on account of such separation from service that would (but for this provision) be payable within 6

months following the date of termination, shall instead be paid on the next business day following the expiration of such 6-month period or, if earlier, as soon as practicable, to the extent permitted under Section 409A of the Code, following your death; except to the extent of amounts or benefits that are not subject to the requirements of Section 409A of the Code. For purposes of this Agreement, all references to "termination of employment" and correlative phrases shall be construed to require a "separation from service" (as defined in Section 1.409A-1(h) of the Treasury regulations after giving effect to the presumptions contained therein), and the term "specified employee" means an individual determined by the Company to be a specified employee under Section 1.409A-1(i) of the Treasury regulations. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. Neither the Company nor you will have the right to accelerate or defer the delivery of any such payments except to the extent specifically permitted or required by Section 409A. In no event shall the Company have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A of the Code.

Section 280G. If all, or any portion, of the payments or benefits provided under this Agreement, either alone or together with any other payment or benefit which you receive or are entitled to receive, would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, then, notwithstanding anything in this Agreement or any other agreement or plan to the contrary, you shall be entitled to receive: (A) the amount of such payments or benefits, reduced such that no portion thereof shall fail to be tax deductible under Section 280G of the Code (the "Limited Amount"), or (B) if the amounts otherwise payable hereunder and under any other agreement or plan (without regard to clause (A)), reduced by all taxes applicable thereto (including, for the avoidance of doubt, the excise tax imposed by Section 4999 of the Code), would be greater than the Limited Amount reduced by all taxes applicable thereto, the amounts otherwise payable to you hereunder and under any other agreement or plan. All determinations under this section entitled "Section 280G" shall be made by an accounting, consulting, law or valuation firm selected, and paid for, by the Company.

At-Will Employment. This Agreement shall not be construed as an agreement, either expressed or implied, to employ you for any stated term, and shall in no way alter the Company's policy of employment at will, under which both you and the Company remain free to terminate the employment relationship, with or without cause, at any time, with or without notice. Similarly, nothing in this Agreement shall be construed as an agreement, either express or implied, to pay you any compensation or grant you any benefit beyond the end of your employment with the Company, except to the extent set forth in the sections entitled "Severance" and "Change in Control" hereof.

Entire Agreement. Except as otherwise provided herein, this Agreement, together with the Confidentiality Agreement, constitutes the entire offer of employment between the parties and supersedes all prior and contemporaneous communications, agreements and understandings, written or oral, with respect to the subject matter hereof. No amendment to this offer will be permitted except in writing, signed by the parties hereto.

Governing Law. This Agreement shall be governed by the law of the Commonwealth of Massachusetts, without regard to any conflict of laws provisions.

Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

Contingent Offer. This employment offer is contingent upon your compliance with the following mandatory Company processes: (1) the COVID-19 Vaccination Process (included with this letter); and (2) a background check and references that are acceptable to the Company. In addition, this employment offer is contingent upon our verification of your identity and employment eligibility as required by federal law. Within 3 business days of your start of employment, you will be required to provide the Company with satisfactory proof of your identity and legal authorization to work in the United States in order to complete your Form I-9.

Representations. You represent and warrant that you are not bound by any employment contracts, restrictive covenants or other restrictions that would prevent you from carrying out your responsibilities for the Company, or which are in any way inconsistent with any of the terms of this Agreement. You acknowledge and represent that you have had the opportunity to fully discuss and review the terms of this Agreement with an attorney.

You may accept this offer of employment and the terms and conditions of this Agreement by signing this letter and the Confidentiality Agreement, which execution will evidence your agreement with the terms and conditions set forth herein and therein and returning them to the Company.

This offer of employment will expire at 5:00 PM Eastern Time, September 5, 2023, unless accepted by you prior to such date.

Sincerely,

MERSANA THERAPEUTICS, INC.

/s/ Alejandra Carvajal

By: Alejandra Carvajal
Title: SVP, Chief Legal Officer & Secretary

ACCEPTED AND AGREED:

Martin Huber, M.D.

/s/ Martin Huber
Date: 9/5/2023

Attachment A
Confidentiality Agreement

Please see attached.

MERSANA THERAPEUTICS, INC.
EMPLOYEE NONDISCLOSURE, NONCOMPETITION AND
ASSIGNMENT OF INTELLECTUAL PROPERTY AGREEMENT

In consideration and as a condition of my employment by Mersana Therapeutics, Inc., a Delaware corporation, or its affiliates (collectively, the "***Company***"), and of the compensation to be paid to me, including without limitation the option and restricted stock unit grants that will be made to me in connection with the commencement of my employment or engagement by the Company; in order to protect the Company's Confidential Information and goodwill; and in recognition of the fact that as an employee or consultant of the Company (it being understood that, as used herein, my employment includes any time in which I may be retained by the Company as a consultant) I will have access to the Company's Confidential Information (as defined below in Section 2), I agree with the Company as follows:

1. Performance; Prior Obligations.

(a) I agree to perform my assigned duties diligently, conscientiously, and with reasonable skill, and shall comply with all rules, procedures and standards promulgated from time to time by the Company with regard

to my conduct and my access to and use of the Company's property, equipment and facilities. Among such rules, procedures and standards are those governing ethical and other professional standards for dealing with customers, government agencies, vendors, competitors, consultants, fellow employees, and the public at large, security provisions designed to protect Company property and the personal security of Company employees, rules respecting attendance, punctuality, and hours of work, and rules and procedures designed to protect the confidentiality of proprietary information. The Company agrees to make reasonable efforts to inform me of such rules, standards and procedures as are in effect from time to time.

(b) I hereby represent, warrant and agree (i) that I have the full right to enter into this Agreement and perform the services required of me hereunder and otherwise in connection with my employment by the Company, without any restriction whatsoever; (ii) that in the course of performing services hereunder or otherwise in connection with my employment by the Company, I will not violate the terms or conditions of any agreement between me and any third party or any court order or infringe or wrongfully appropriate any patents, copyrights, trade secrets or other intellectual property rights of any person or entity anywhere in the world; (iii) that I have not and will not disclose or use during my employment or engagement by the Company any confidential information that I acquired as a result of any previous employment or consulting arrangement or under a previous obligation of confidentiality; and (iv) that I have disclosed to the Company in writing any and all continuing obligations to previous employers or others that require me not to disclose any information to the Company or that otherwise limit or restrict my activities for the Company.

(c) I hereby represent that I am not bound by any employment contract, restrictive covenant or other restriction preventing (or that purports to prevent) me from entering into employment with or carrying out my responsibilities for the Company, or which is in any way inconsistent with the terms of this Agreement.

2. Confidential Information. As of the date this Agreement is fully-executed, and while employed by the Company and thereafter, I shall not, directly or indirectly, use any Confidential Information (as hereinafter defined) other than pursuant to my employment by and

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for the benefit of the Company, or disclose any Confidential Information to anyone outside of the Company, whether by private communication, public address, publication or otherwise, or disclose any Confidential Information to anyone within the Company who has not been authorized to receive such information, except as directed in writing by an authorized representative of the Company. The term "Confidential Information" as used throughout this Agreement shall mean all trade secrets, proprietary information, know-how, data, designs, specifications, processes, customer lists and other technical or business information (and any tangible evidence,

record or representation thereof), whether prepared, conceived or developed by a consultant or employee of the Company (including myself) or received by the Company from an outside source, and which is maintained in confidence by the Company or which might permit the Company or its customers to obtain a competitive advantage over competitors who do not have access to such trade secrets, proprietary information, or other data or information. Without limiting the generality of the foregoing, Confidential Information shall include:

(a) any idea, improvement, invention, innovation, development, concept, technical data, design, formula, device, pattern, sequence, method, process, composition of matter, computer program or software, source code, object code, algorithm, model, diagram, flow chart, product specification or design, plan for a new or revised product, sample, compilation of information, or work in process, or parts thereof, and any and all revisions and improvements relating to any of the foregoing (in each case whether or not reduced to tangible form); and

(b) the name of any customer, supplier, employee, prospective customer, sales agent, supplier or consultant, any sales plan, marketing material, plan or survey, business plan or opportunity, product or development plan or specification, business proposal, financial record, or business record or other record or information relating to the present or proposed business of the Company or its customers.

Notwithstanding the foregoing, the term Confidential Information shall not apply to information which the Company has voluntarily disclosed to the public without restriction, or which has otherwise lawfully entered the public domain other than through any acts by me or my agents.

I understand that the Company from time to time has in its possession information (including product and development plans and specifications) which is claimed by customers and others to be proprietary and which the Company has agreed to keep confidential. I agree that all such information shall be Confidential Information for purposes of this Agreement.

Nothing in this Agreement limits, restricts or in any other way affects my communications with any governmental agency or entity, or with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity. I understand that I cannot be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed under seal in a lawsuit or other proceeding. Notwithstanding this immunity from liability, I understand that I may be held liable if I unlawfully access trade secrets by unauthorized means.

3. Ownership and Assignment of Intellectual Property.

(a) I agree that all originals and all copies of all manuscripts, drawings, prints, manuals, diagrams, letters, notes, notebooks, reports, models, records, files, memoranda, plans, sketches and all other documents and materials containing, representing, evidencing, recording,

or constituting any Confidential Information (as defined in Section 2 above), however and whenever produced (whether by myself or others) during the course of my employment, shall be the sole property of the Company.

(b) I agree that all Confidential Information and all other discoveries, inventions, ideas, concepts, trademarks, service marks, logos, processes, products, formulas, computer programs or software, source codes, object codes, algorithms, machines, apparatuses, items of manufacture or composition of matter, or any new uses therefor or improvements thereon, or any new designs or modifications or configurations of any kind, or works of authorship of any kind, including, without limitation, compilations and derivative works, whether or not patentable or copyrightable, conceived, developed, reduced to practice or otherwise made by me, either alone or with others, and in any way relating to the business or proposed business of the Company, to the Company's present or proposed products, programs or services, to tasks assigned to me by the Company or its predecessor in interest or to the work conducted by me for the Company or its predecessor in interest, whether or not reduced to tangible form or reduced to practice during the term of my employment, whether or not made during regular working hours, whether or not made on the Company's premises and whether or not disclosed by me to the Company (collectively "***Inventions***"), and any and all services and products which embody, emulate or employ any such Invention or Confidential Information shall be the sole property of the Company and all copyrights, patents, patent rights, trademarks and reproduction rights to, and other proprietary rights in, each such Invention or Confidential Information, whether or not patentable or copyrightable, shall belong exclusively to the Company.

(c) I agree to, and hereby do, assign to the Company all my right, title and interest throughout the world in and to all Inventions and to anything tangible which evidences, incorporates, constitutes, represents or records any Invention. I agree that all Inventions shall constitute works made for hire under the copyright laws of the United States and hereby assign and, to the extent any such assignment cannot be made at present, I hereby agree to assign to the Company all copyrights, patents and other proprietary rights I may have in any Inventions, together with the right to file for and/or own wholly without restriction United States and foreign patents, trademarks, and copyrights. I agree to waive, and hereby waive, all moral rights or proprietary rights in or to any Inventions and, to the extent that such rights may not be waived, agree not to assert such rights against the Company or its licensees, successors or assigns.

(d) I hereby certify Exhibit A sets forth any and all confidential information and intellectual property that I claim as my own or otherwise intend to exclude from this Agreement because it was developed by me prior to my employment with the Company. I understand that after execution of this Agreement I shall have no right to exclude Confidential Information or Inventions from this Agreement.

4. Employee'sObligation to Keep Records. I shall make and maintain adequate and current written records of all Inventions, including notebooks and invention disclosures, which records shall be available to and

remain the property of the Company at all times. I shall disclose all Inventions promptly, fully and in writing to the Company immediately upon production or development of the same and at any time upon request.

5. Employee'sObligation to Cooperate. I will, at any time during my employment, or after it terminates, upon request of the Company, execute all documents and perform all lawful acts which the Company considers necessary or advisable to secure its rights hereunder and to carry out the intent of this Agreement. Without limiting the generality of the foregoing, I

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will assist the Company in any reasonable manner to obtain for its own benefit patents or copyrights in any and all countries with respect to all Inventions assigned pursuant to Section 3, and I will execute, when requested, patent and other applications and assignments thereof to the Company, or persons designated by it, and any other lawful documents deemed necessary by the Company to carry out the purposes of this Agreement, and I will further assist the Company in every way to enforce any patents and copyrights obtained, including, without limitation, testifying in any suit or proceeding involving any of said patents or copyrights or executing any documents deemed necessary by the Company, all without further consideration than provided for herein. It is understood that reasonable out of pocket expenses of my assistance incurred at the request of the Company under this Section will be reimbursed by the Company. In the event the Company is unable after reasonable effort to obtain my signature on any document which I may be required to sign pursuant to this Agreement, whether because of my physical or mental incapacity or for any other reason whatsoever, I hereby irrevocably appoint each of the President and the Secretary of the Company (whether now or hereafter in office) as my attorney-in-fact to execute any such document on my behalf.

6. Noncompetition and Non-solicitation.

(a) During my employmentwith the Company I shall devote my full working time, skill, energy and efforts to the Company. During my employmentwith the Company and for a period of twelve (12) months after termination of my employment for any reason other than due to layoff or termination by the Company without Cause (collectively, the "Non-Compete Period"), I shall not, on my own behalf, or as owner, manager, stockholder, consultant, director, officer, or employee of any business entity (except as a holder of not more than one (1%) percent of the stock of a publicly held company) participate, directly or indirectly, in any capacity involving any of the services that I provided to the Company at any time during my employment or, with respect to the portion of the Non-Compete Period that follows the termination of my employment, during the last two years of my employment, in any business that is a Competitive Business anywhere in the Restricted Area. Notwithstanding

the foregoing, Section 6(a) shall not preclude me from becoming an employee of, or from otherwise providing services to, a separate division or operating unit of a multi-divisional business or enterprise (a “Division”) if: (i) the Division by which I am employed, or to which I provide services, is not a Competitive Business, (ii) I do not provide services, directly or indirectly, to any other division or operating unit of such multi-divisional business or enterprise which is a Competitive Business (individually, a “Competitive Division” and collectively, the “Competitive Divisions”) and (iii) the Competitive Divisions, in the aggregate, accounted for less than one-third of the multi-divisional business or enterprises’ consolidated revenues for the fiscal year, and each subsequent quarterly period, prior to my commencement of employment with the Division. I hereby acknowledge that my receipt of the grant of equity set forth in the Offer Letter is contingent upon my agreement to the non-competition provisions set forth herein, and I further acknowledge that my receipt of the cash severance payments set forth in the Offer Letter are contingent upon my continued compliance with the non-competition provisions set forth herein. I acknowledge and agree that such consideration is fair and reasonable in exchange for my compliance with such non-competition obligations.

(b) During my employmentwith the Company and for a period of 12 months after termination of my employment for any reason (the “Non-Solicitation Period”), I shall not, directly or indirectly, solicit, induce, attempt to hire or engage, or hire or engage any employee of the Company (or any person who may have been employed by the Company during the two years preceding the restricted activity), or assist in such solicitation, inducement, attempt to hire or engage or hiring or engagement by any other person or business entity or encourage any such employee or any independent contractor of the Company (or any person or entity who may have

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been engaged by the Company as an independent contractor during the two years preceding the restricted activity) to terminate or diminish his, her or its employment or engagement with the Company.

(c) During the Non-Solicitation Period, I shall not, directly or indirectly (i) solicit or encourage any customer, vendor, supplier or other business partner of the Company to terminate or diminish its relationship with them; or (ii) seek to persuade any such customer, vendor, supplier or other business partner, or any prospective customer, vendor, supplier or other business partner of the Company, to conduct with anyone else any business or activity which such customer, vendor, supplier or other business partner conducts or could conduct, or such prospective customer, vendor, supplier or other business partner could conduct, with the Company; provided, however, that these restrictions shall apply only with respect to those persons and entities who are or have been a customer, vendor, supplier or other business partner of the Company at any time within the two years preceding the activity restricted by this Section 6(c) or whose business has been solicited on behalf of the Company by any

of its officers, employees or agents within such two year period, other than by form letter, blanket mailing or published advertisement.

(d) For purposes of Section 6(a):

(i) "Cause" shall mean for purposes of this Agreement and notwithstanding any other agreement between me and the Company, the occurrence of any of the following, as determined by the Company in its reasonable discretion: (i) my failure to perform my duties and responsibilities to the Company, or the performance of my duties and responsibilities to the Company in a manner deemed by the Company to be in any way unsatisfactory; (ii) my breach of this Agreement or any other agreement between me and the Company; (iii) my commission of, or plea of nolo contendere to, a felony or other crime; (iv) any misconduct by me or other conduct by me that is or could reasonably be expected to be harmful to the business interests or reputation of the Company; (v) my violation or disregard for any rule or procedure or policy of the Company; or (vi) any other reasonable basis for Company dissatisfaction with me, including for reasons such as lack of capacity or diligence, failure to conform to usual standards of conduct, or other culpable or inappropriate behavior.

(ii) "Competitive Business" shall mean any biopharmaceutical business that is engaged in the research, development and/or commercialization of antibody drug conjugates for oncology or immunotherapy.

(iii) "Restricted Area" shall mean anywhere in the word or, with respect to the portion of the Restricted Period that follows the termination of my employment, any geographic area in which I at any time within the last two years of my employment with the Company provided services or had a material influence or presence.

(e) I agree that if I violate any fiduciary duty to the Company or unlawfully take any Confidential Information or other property belonging to the Company, the Non-Compete Period will extend by the time during which I engaged in such violation(s), for up to a total of two (2) years following the date of termination of my employment. I further agree that if I violate any restriction set forth in Section 6(b), the period of such violation (from the commencement of any such violation until such time as I cure such violation) shall not count toward or be included in satisfying the Non-Solicitation Period.

7. Return of Property. Upon termination of my employmentwith the Company, or at any other time upon request of the Company, I shall return promptly any and all customer or

prospective customer lists, other customer or prospective customer information or related materials, computer programs, software, electronic data, specifications, drawings, blueprints, data storage devices, reproductions, sketches, notes, notebooks, memoranda, reports, records, proposals, business plans, or copies of them, other documents or materials, tools, equipment, or other property belonging to the Company or its customers which I may then possess or have under my control. I further agree that upon termination of employmentI shall not take with me any documents or data in any form or of any description containing or pertaining to Confidential Information or Inventions or any other property of the Company.

8. Other Obligations. I acknowledge that the Company from time to time may have agreements with other persons, including the government of the United States or other countries and agencies thereof, which impose obligations or restrictions on the Company regarding inventions made during the course of work thereunder or regarding the confidential nature of such work. I agree to be bound by all such obligations and restrictions and to take all action necessary to discharge the obligations of the Company thereunder.

9. Miscellaneous.

(a) This Agreement and the Offer Letter, dated September 5, 2023 (the "Offer Letter") contain the entire and only agreement between me and the Company with respect to the subject matter hereof, superseding any previous oral or written communications, representations, understandings, or agreements with the Company or any officer or representative hereof. In the event of any inconsistency between this Agreement and any other contract between me and the Company, the provisions of this Agreement shall prevail.

(b) Except as otherwise provided herein, my obligations under this Agreement shall survive the termination of my employmentwith the Company regardless of the manner of or reasons for such termination, and regardless of whether such termination constitutes a breach of any other agreement I may have with the Company. I acknowledge that this Agreement is not meant to constitute a contract of employment for a specific duration or term, and that my employment with the Company is at-will. The Company and I will retain the right to terminate my employment at any time, with or without notice or cause. Further, no claimed breach of any agreement I may have with the Company or other violation of law attributed to the Company, or change in the nature or scope of my employment or other relationship with the Company, shall operate to excuse me from the performance of my obligations under this Agreement.

(c) If any provision of this Agreement shall be determined to be unenforceable by any court of competent jurisdiction by reason of its extending for too great a period of time or over too large a geographic area or over too great a range of activities, it shall be interpreted to extend only over the maximum period of time, geographic area or range of activities as to which it may be enforceable. If, after application of the immediately preceding sentence, any provision of this Agreement shall be determined to be invalid, illegal or otherwise unenforceable by any court of competent jurisdiction, the validity, legality and enforceability of the other provisions of this Agreement shall not be affected thereby. Except as otherwise provided in this paragraph, any invalid, illegal or unenforceable provision of this Agreement shall be severable, and after any such severance, all other provisions hereof shall remain in full force and effect.

(d) I acknowledge and agree that violation of this Agreement by me would cause irreparable harm to the Company not adequately compensable by money damages alone, and I therefore agree that, in addition to

all other remedies available to the Company at law, in equity or otherwise, the Company shall be entitled to injunctive relief to prevent an actual or threatened violation of this Agreement and to enforce the provisions hereof, without showing or

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proving any actual damage to the Company or posting any bond in connection therewith, together with an award of its attorney's fees incurred in enforcing its rights hereunder.

(e) No failure by the Company to insist upon strict compliance with any of the terms, covenants, or conditions hereof, and no delay or omission by the Company in exercising any right under this Agreement, will operate as a waiver of such terms, covenants, conditions or rights. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

(f) This Agreement may not be changed, modified, released, discharged, abandoned, or otherwise amended, in whole or in part, except by an instrument in writing signed by me and the Company.

(g) The rights and obligations of the Company under this Agreement shall inure to the benefit of the Company's successors and assigns. This Agreement may be assigned by the Company to any legal successor to the Company's business, whether by purchase, merger, restructure or other similar corporate transaction, or to an entity that purchases all or substantially all of the stock or assets of the Company, without my prior written consent. In the event the Company assigns this Agreement and I remain employed by the assignee, the "Company" as defined herein will refer to the assignee and I will not be deemed to have terminated my employment until I terminate my employment with the assignee. I may not assign this Agreement.

(h) This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Massachusetts, without regard to its principles of conflicts of laws.

BY PLACING MY SIGNATURE HEREUNDER, I ACKNOWLEDGE THAT (1) I HAVE READ ALL THE PROVISIONS OF THIS EMPLOYEE NONDISCLOSURE, NONCOMPETITION AND ASSIGNMENT OF INTELLECTUAL PROPERTY AGREEMENT AND THAT I AGREE TO ALL OF ITS TERMS, (2) I HAVE BEEN ADVISED AND AM HEREBY ADVISED OF MY RIGHT TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS AGREEMENT, AND (3) THE COMPANY PROVIDED ME WITH THIS AGREEMENT BY THE EARLIER OF (A) THE DATE OF A FORMAL OFFER OF EMPLOYMENT OR OTHER ASSOCIATION WITH THE COMPANY OR (B) TEN BUSINESS DAYS BEFORE THE COMMENCEMENT OF EMPLOYMENT OR OTHER ASSOCIATION WITH THE COMPANY.

Date: 9/5/2023

EMPLOYEE:

/s/ Martin Huber

Employee's Signature

Martin Huber

c/o Mersana Therapeutics, Inc.

840 Memorial Drive

Cambridge, MA 02139

Accepted and Agreed:

MERSANA THERAPEUTICS, INC.

/s/ Alejandra Carvajal

By:Alejandra Carvajal

Title:SVP, Chief Legal Officer & Secretary

EXHIBIT A

Excluded Confidential Information and Inventions

None, except if specifically described below:

Exhibit 10.5

VIA ELECTRONIC MAIL

September 6, 2023

Arvin Yang

Dear Arvin:

As we discussed, your employment with Mersana Therapeutics, Inc. (the “Company”) will end effective September 29, 2023(the “Separation Date”). As we also discussed, the Company will provide you with the severance benefits described in paragraph 1 below if you sign and return this letter agreement to me on, but not before, the Separation Dateand do not revoke your agreement (as described below).

By signing and returning this letter agreement and not revoking your acceptance, you will be entering into a binding agreement with the Company and will be agreeing to the terms and conditions set forth in the numbered paragraphs below, including the release of claims set forth in paragraph 2. Therefore, you are advised to consult with an attorney before signing this letter agreement and you have been given at least twenty-one (21) days to do so. If you sign this letter agreement, you may change your mind and revoke your agreement during the seven (7) business day period after you have signed it (the “Revocation Period”) by notifying mein writing. If you do not so revoke, this letter agreement will become a binding agreement between you and the Company upon the expiration of the Revocation Period.

Although your receipt of the severance benefits is expressly conditioned on your timely entering into this letter agreement, the following will apply regardless of whether or not you do so:

- As of the Separation Date, all salary payments from the Company will cease and any benefits you had as of the Separation Date under Company-provided benefit plans, programs, or practices will terminate, except as required by federal or state law.
- You will receive on the Separation Date payment for your final wages and any unused vacation time accrued through the Separation Date.
- You may, if eligible and at your own cost, elect to continue receiving group medical insurance pursuant to the “COBRA” law. Please consult the COBRA materials to be provided under separate cover for details regarding these benefits.
- You are obligated to keep confidential and not to use or disclose any and all non-public information concerning the Company that you acquired during the course of your employment with the Company, including any non-public information concerning the Company’s business affairs, business prospects, and financial condition, except as otherwise permitted by paragraph 4(c) below. Further, you remain subject to your continuing obligations to the Company as set forth in the Employee Nondisclosure, Noncompetition and Assignment of Intellectual Property Agreement (the “Nondisclosure Agreement”)you previously executed for the benefit of the Company, which remain in full force and effect.
- You must return to the Company on or before the Separation Date all Company property.
- You will have three (3) months following the Separation Date to exercise any stock options under the Company’s 2017 Stock Incentive Plan or the inducement grant made to you on November 30, 2020 that were vested as of the Separation Date. After that three (3) month period, your stock options will expire and you will no longer have any rights with respect thereto.

If you elect to timely sign and return this letter agreement and do not revoke your acceptance within the Revocation Period, the following terms and conditions will also apply:

1. **Severance Benefits** –The Company will provide you with the following severance benefits (the “severance benefits”):

a. **Severance Pay**. The Company will pay to you four hundred and nine thousand, seven hundred forty four dollars ($409,744) less all applicable taxes and withholdings, as severance pay (an amount equivalent to nine (9) months of your current base salary). This severance pay will be paid in installments in accordance with the Company's regular payroll practices, but in no event shall payments begin earlier than the Company's first regular payroll date following expiration of the Revocation Period.

b. **COBRA Benefits**. Should you timely elect and be eligible to continue receiving group health insurance pursuant to the "COBRA" law, the Company will, until the earlier of (x) the date that is nine (9) months following the Separation Date, and (y) the date on which you obtain alternative coverage (as applicable, the "COBRA Contribution Period"), continue to pay the share of the premiums for such coverage to the same extent it was paying such premiums on your behalf immediately prior to the Separation Date. The remaining balance of any premium costs during the COBRA Contribution Period, and all premium costs thereafter, shall be paid by you on a monthly basis for as long as, and to the extent that, you remain eligible for COBRA continuation. You agree that, should you obtain alternative health insurance coverage prior to the date that is nine (9) months following the Separation Date, you will so inform the Company in writing within five (5) business days of obtaining such coverage.

You acknowledge and agree that you will not be eligible for, nor shall you have a right to receive, any payments or benefits from the Company following the Separation Date other than as set forth in this paragraph 1.

2. **Release of Claims** – In consideration of the severance benefits, which you acknowledge you would not otherwise be entitled to receive, you hereby fully, forever, irrevocably and unconditionally release, remise and discharge the Company, its past and present affiliates, subsidiaries, parent companies, predecessors, and successors, and all of their respective past and present officers, directors, stockholders, partners, members, employees, agents, representatives, plan administrators, attorneys, insurers and fiduciaries (each in their individual and corporate capacities) (collectively, the "Released Parties") from any and all claims, charges, complaints, demands, actions, causes of action, suits, rights, debts, sums of money, costs, accounts, reckonings, covenants, contracts, agreements, promises, doings, omissions, damages, executions, obligations, liabilities, and expenses (including attorneys' fees and costs), of every kind and nature that you ever had or now have against any or all of the Released Parties, whether known or unknown, including, but not limited to, any and all claims arising out of or relating to your employment with and/or separation from the Company, including, but not limited to, all claims under Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e etseq., the Americans With Disabilities Act of 1990, 42 U.S.C. § 12101 etseq., the Age Discrimination in Employment Act, 29 U.S.C. § 621 etseq., the Genetic Information Nondiscrimination Act of 2008, 42 U.S.C. § 2000ff etseq., the Family and Medical Leave Act, 29 U.S.C. § 2601 etseq., the Worker Adjustment and Retraining Notification Act ("WARN"), 29 U.S.C. § 2101 etseq., the Rehabilitation Act of 1973, 29 U.S.C. § 701 etseq., Executive Order 11246, Executive Order 11141, the Fair Credit Reporting Act, 15 U.S.C. § 1681 etseq., and the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 1001

etseq., all as amended; all claims arising out of the Massachusetts Fair Employment Practices Act, Mass. Gen. Laws ch. 151B, § 1 etseq., the Massachusetts Civil Rights Act, Mass. Gen. Laws ch. 12, §§ 11H and 11I, the Massachusetts Equal Rights Act, Mass. Gen. Laws. Ch. 93, § 102, Mass. Gen. Laws ch. 214, § 1C (Massachusetts right to be free from sexual harassment law), the Massachusetts Labor and Industries Act, Mass. Gen. Laws ch. 149, § 1 etseq., Mass. Gen. Laws ch. 214, § 1B (Massachusetts right of privacy law), the Massachusetts Parental Leave Act, Mass. Gen. Laws ch.

149, § 105D, the Massachusetts Paid Family and Medical Leave Act, Mass. Gen. Laws ch. 175m, § 1, et seq., the Massachusetts Earned Sick Time Law, Mass. Gen. Laws ch. 149, § 148c, and the Massachusetts Small Necessities Leave Act, Mass. Gen. Laws ch. 149, § 52D, all as amended; all rights and claims under the Massachusetts Wage Act, Mass. Gen. Laws ch. 149, § 148 et seq., as amended (Massachusetts law regarding payment of wages and overtime), including any rights or claims thereunder to unpaid wages, including overtime, bonuses, commissions, and accrued, unused vacation time; all common law claims including, but not limited to, actions in defamation, intentional infliction of emotional distress, misrepresentation, fraud, wrongful discharge, and breach of contract (including, without limitation, any claims arising out of or related to the November 5, 2020 employment offer letter between you and the Company); all claims to any non-vested ownership interest in the Company or any of its affiliates, contractual or otherwise; all state and federal whistleblower claims to the maximum extent permitted by law; and any claim or damage arising out of your employment with and/or separation from the Company (including a claim for retaliation) under any common law theory or any federal, state or local statute or ordinance not expressly referenced above; *provided, however, that this release of claims does not prevent you from filing a charge with, cooperating with, or participating in any investigation or proceeding before, the Equal Employment Opportunity Commission or a state fair employment practices agency (except that you acknowledge that you may not recover any monetary benefits in connection with any such charge, investigation, or proceeding, and you further waive any rights or claims to any payment, benefit, attorneys' fees or other remedial relief in connection with any such charge, investigation or proceeding).*

3.**Continuing Obligations**– You acknowledge and reaffirm your confidentiality and non-disclosure obligations discussed above in this letter agreement, as well as all of the ongoing obligations set forth in the Nondisclosure Agreement, which survive your separation from employment with the Company. In addition, as an express condition of your receipt of the severance benefits, you agree that, for a period of twelve (12) months following the Separation Date, you shall not, on your own behalf, or as an owner, manager, stockholder, consultant, director, officer, or employee of any business entity (except as a holder of not more than one (1%) percent of the stock of a publicly held company), in any geographic areas in which you provided services or had a material presence or influence at any time during your last two (2) years of employment (which, given your responsibilities as the Company's Chief Medical Officer, includes anywhere that the Company does business), participate, directly or indirectly, in any capacity involving any of the services that you provided to the Company at any time during the last two (2) years of your

employment, in any business that is a Competitive Business. For purposes hereof, “Competitive Business” shall mean any biopharmaceutical business that is engaged in the research, development and/or commercialization of antibody drug conjugates for oncology or immunotherapy. Notwithstanding the foregoing, you shall not be precluded from becoming an employee of, or from otherwise providing services to, a separate division or operating unit of a multi-divisional business or enterprise (a “Division”) if: (i) the Division by which you are employed, or to which you provide services, is not a Competitive Business, (ii) you do not provide services, directly or indirectly, to any other division or operating unit of such multi-divisional business or enterprise which is a Competitive Business (individually, a ”Competitive Division” and collectively, the “Competitive Divisions”), and (iii) the Competitive Divisions, in the aggregate, accounted for less than one-third of the multi-divisional business’s or enterprise’s consolidated revenues for the fiscal year, and each subsequent quarterly period, prior to your commencement of employment with the Division. If any restriction set forth in the foregoing sentence is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable. If you violate the non-competition provisions set forth in this paragraph, you shall continue to be bound by the restrictions set forth in such paragraph until a period of one year has expired without any violation of such provisions.

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4. **Disclosures** –

a.Non-Disparagement – Except as otherwise permitted by paragraph 4(c) below and applicable law, you agree not to, in public or private, make any false, disparaging, derogatory or defamatory statements, online (including, without limitation, on any social media, networking, or employer review site) or otherwise, to any person or entity, including, but not limited to, any media outlet, industry group, financial institution or current or former employee, board member, consultant, client, or customer of the Company, regarding the Company or any of the other Released Parties, or regarding the business affairs, business prospects, or financial condition of the Company or any of the other Released Parties.

b.Confidentiality – Except as otherwise permitted by paragraph 4(c) below and applicable law, you agree to maintain as confidential and not to disclose the terms and contents of this letter agreement, and the contents of the negotiations and discussions resulting in this letter agreement.

c.Permitted Disclosures – Nothing in this letter agreement or elsewhere prohibits you from (a) communicating with government agencies about possible violations of federal, state, or local laws or otherwise providing information to government agencies, filing a complaint with government agencies, or participating in government agency investigations or proceedings, or (b) making disclosures or

communications to engage in protected, concerted activity or to otherwise exercise rights under Section 7 of the National Labor Relations Act. You are not required to notify the Company of any such communications; provided, however, that nothing herein authorizes the disclosure of information you obtained through a communication that was subject to the attorney-client privilege. Further, notwithstanding your confidentiality and nondisclosure obligations, you are hereby advised as follows pursuant to the Defend Trade Secrets Act: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

5. **Return of Company Property**– You confirm that you have returned to the Company all keys, files, records (and copies thereof), equipment (including, but not limited to, computer hardware, software, printers, flash drives and other storage devices, wireless handheld devices, cellular phones, tablets, etc.), Company identification, and any other Company owned property in your possession or control, and that you have left intact all, and have otherwise not destroyed, deleted, or made inaccessible to the Company any, electronic Company documents, including, but not limited to, those that you developed or helped to develop during your employment, and that you have not (a) retained any copies in any form or media; (b) maintained access to any copies in any form, media, or location; (c) stored any copies in any physical or electronic locations that are not readily accessible or known to the Company or that remain accessible to you; or (d) sent, given, or made accessible any copies to any persons or entities that the Company has not authorized to receive such electronic or hard copies. You further confirm that you have cancelled all accounts for your benefit, if any, in the Company's name, including but not limited to, credit cards, telephone charge cards, cellular phone accounts, and computer accounts.

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6. **Business Expenses and Final Compensation** – You acknowledge that you have been reimbursed by the Company for all business expenses incurred in conjunction with the performance of your employment and that no other reimbursements are owed to you. You further acknowledge that you have received payment in full for all services rendered in conjunction with your employment by the Company, including payment for all wages, bonuses, commissions, and accrued, unused vacation time, and that no other compensation is owed to you except as explicitly provided in this letter agreement.

7. **Cooperation**–You agree that, to the extent permitted by law, and in addition to your cooperation obligations pursuant to the Nondisclosure Agreement, you shall cooperate fully with the Company in: (i) any internal investigation; (ii) any investigation, defense or prosecution of any claims or actions which already have been brought, are currently pending, or which may be brought in the future against the Company by a third party or by or on behalf of the Company against any third party, whether before a state or federal court, any state or federal government agency, or a mediator or arbitrator; and/or (iii) any other administrative, regulatory, or judicial inquiry, investigation, proceeding or arbitration. Your full cooperation hereunder shall include, but not be limited to, making yourself available to the Company upon reasonable notice for interviews and factual investigations; appearing at the Company's request to give testimony without requiring service of a subpoena or other legal process; volunteering to the Company pertinent information; and turning over all relevant documents which are in or may come into your possession. The term "cooperation" does not mean that you must provide information that is favorable to the Company; it means only that you will provide truthful information within your knowledge and possession upon request of the Company. The Company will reimburse you for all reasonable and documented out-of-pocket expenses that you incur at the Company's request to comply with this paragraph. You further agree that,to the extent permitted by law, you will notify the Company promptly in the event that you are served with a subpoena (other than a subpoena issued by a government agency), orin the event that you are asked to provide a third party (other than a government agency) with information concerning any actual or potential complaint or claim against the Company.

8. **Amendment and Waiver**– This letter agreement shall be binding upon the parties and may not be modified in any manner, except by an instrument in writing of concurrent or subsequent date signed by duly authorized representatives of the parties hereto. This letter agreement is binding upon and shall inure to the benefit of the parties and their respective agents, assigns, heirs, executors, successors and administrators. No delay or omission by the Company in exercising any right under this letter agreement shall operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion shall be effective only in that instance and shall not be construed as a bar to or waiver of any right on any other occasion.

9. **Validity** – Should any provision of this letter agreement be declared or be determined by any court of competent jurisdiction to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal or invalid part, term or provision shall be deemed not to be a part of this letter agreement.

10. **Nature of Agreement –** You understand and agree that this letter agreement is a severance agreement and does not constitute an admission of liability or wrongdoing on the part of the Company or any of the other Released Parties.

11. **Acknowledgments –** You acknowledge that you have been given at least twenty-one (21) days to consider this letter agreement, and that the Company is hereby advising you to consult with an attorney of your own choosing prior to signing this letter agreement. You understand that you may revoke this letter agreement for a period of seven (7) business days after you sign this letter agreement by notifying me in writing, and the letter agreement shall not be effective or enforceable until the expiration of this seven (7) day business revocation period. You understand and agree that by entering into this letter agreement, you are waiving any and all rights or claims you might have under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, and that you have received consideration beyond that to which you were previously entitled.

12. **Voluntary Assent –** You affirm that no other promises or agreements of any kind have been made to or with you by any person or entity whatsoever to cause you to sign this letter agreement, and that you fully understand the meaning and intent of this letter agreement. You further state and represent that you have carefully read this letter agreement, understand the contents herein, freely and voluntarily assent to all of the terms and conditions hereof, and sign your name of your own free act.

13. **Applicable Law; Forum** – This letter agreement shall be interpreted and construed by the laws of the Commonwealth of Massachusetts, without regard to conflict of laws provisions. You hereby irrevocably submit to and acknowledge and recognize the jurisdiction of the courts of the Commonwealth of Massachusetts, or if appropriate, a federal court located in the Commonwealth of Massachusetts (which courts, for purposes of this letter agreement, are the only courts of competent jurisdiction), over any suit, action or other proceeding arising out of, under or in connection with this letter agreement or the subject matter hereof. You further hereby irrevocably waive any right to a trial by jury in any action, suit or other legal proceeding arising under or relating to any provision of this letter agreement. Further, you acknowledge that the restrictions referenced and contained in paragraph 3 of this Agreement are necessary for the protection of the business and goodwill of the Company and are considered by you to be reasonable for such purpose. You agree that any breach or threatened breach of such provisions is likely to cause the Company substantial and irrevocable damage which is difficult to measure. Therefore, in the event of any such breach or threatened breach, you agree that the Company, in addition to such other remedies which may be available, shall have the right to obtain an injunction from a court restraining such a breach or threatened breach without posting a bond and the right to specific performance of such provisions and you hereby waive the adequacy of a remedy at law as a defense to such relief.

14. **Entire Agreement** – This letter agreement contains and constitutes the entire understanding and agreement between the parties hereto with respect to your severance benefits and the settlement of claims against the Company and the other Released Parties and cancels all previous oral and written negotiations, agreements, and commitments in connection therewith.

15. **Tax Acknowledgement** – In connection with the severance benefits provided to you pursuant to this letter agreement, the Company shall withhold and remit to the tax authorities the amounts required under applicable law, and you shall be responsible for all applicable taxes with respect to such severance benefits under applicable law. You acknowledge that you are not relying upon the advice or representation of the Company with respect to the tax treatment of any of the severance benefits set forth in paragraph 1 of this letter agreement.
If you have any questions about the matters covered in this letter agreement, please call me.

Very truly yours,

By: /s/ Alejandra Carvajal_____
Alejandra Carvajal
SVP, Chief Legal Officer & Secretary

I hereby agree to the terms and conditions set forth above. I have been given at least twenty-one (21) days to consider this letter agreement, and I have chosen to execute this on the date below. I intend that this letter agreement will become a binding agreement between me and the Company if I do not revoke my acceptance in seven (7) business days.

/s/Arvin Yang_____ 9/29/2023_____
Arvin Yang Date

To be returned in a timely manner as set forth on the first page of this letter agreement.

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Exhibit 31.1

Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Martin Huber, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mersana Therapeutics, 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

Mersana Therapeutics, Inc.

Dated: November 7, 2023 May 9, 2024

By: /s/ Martin Huber

Martin Huber, M.D.

President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Brian DeSchuytner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mersana Therapeutics, 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.

Mersana Therapeutics, Inc.

Dated: November 7, 2023 May 9, 2024

By: /s/ Brian DeSchuytner

Brian DeSchuytner

SVP, Chief Operating Officer and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Mersana Therapeutics, Inc. (the "Company") for the quarter ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the company, hereby certifies, pursuant to Section 1350 of Chapter 63 of Title 18, United States Code, that to the best of his knowledge:

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

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

Dated: November 7, 2023 May 9, 2024

/s/ Martin Huber

Martin Huber, M.D.

President and Chief Executive Officer
(Principal Executive Officer)

Dated: November 7, 2023 May 9, 2024

/s/ Brian DeSchuytner

Brian DeSchuytner

SVP, Chief Operating Officer and Chief Financial Officer
(Principal Financial Officer)

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