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 March 31, 2021

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: 001-36112

MACROGENICS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**06-1591613**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
9704 Medical Center Drive Rockville, Maryland	**20850**
(Address of principal executive offices)	**(Zip code)**

301-251-5172

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	MGNX	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 and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

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

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

As of April 26, 2021, 60,036,407 shares of the registrant's common stock, par value $0.01 per share, were outstanding.

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FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include statements that may relate to our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs and other information that is not historical information. Many of these statements appear, in particular, under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report on Form 10-Q. Forward-looking statements can often be identified by the use of terminology such as "subject to", "believe", "anticipate", "plan", "expect", "intend", "estimate", "project", "may", "will", "should", "would", "could", "can", the negatives thereof, variations thereon and similar expressions, or by discussions of strategy.

All forward-looking statements, including, without limitation, our examination of historical operating trends, are based upon our current expectations and various assumptions. We believe there is a reasonable basis for our expectations and beliefs, but they are inherently uncertain. We may not realize our expectations, and our beliefs may not prove correct. Actual results could differ materially from those described or implied by such forward-looking statements. The following uncertainties and factors, among others (including those set forth under "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2020), could affect future performance and cause actual results to differ materially from those matters expressed in or implied by forward-looking statements:

- the severity and duration of the impact of the COVID-19 global pandemic on our business, operations, clinical programs, manufacturing, financial results and other aspects of our business;
- our ability to commercialize MARGENZA and our plans to develop and commercialize our product candidates;
- the outcomes of our ongoing and planned clinical trials and the timing of those outcomes, including when clinical trials will be initiated or completed, and when data will be reported or regulatory filings will be made;
- the timing of and our ability to obtain and maintain regulatory approvals for our product candidates;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our ability to raise additional capital through the capital markets or through one or more corporate partnerships, equity offerings, debt financings, collaborations, licensing arrangements or asset sales;
- our ability to enter into new collaborations or to identify additional products or product candidates with significant commercial potential that are consistent with our commercial objectives;
- the potential benefits and future operation of our existing collaborations;
- our ability to recover the investment in our manufacturing capabilities;
- the rate and degree of market acceptance and clinical utility of our products;
- our commercialization, marketing and manufacturing capabilities and strategy;
- significant competition in our industry;
- costs of litigation and the failure to successfully defend lawsuits and other claims against us;
- economic, political and other risks associated with our international operations;
- our ability to receive research funding and achieve anticipated milestones under our collaborations;
- our ability to protect and enforce patents and other intellectual property;
- costs of compliance and our failure to comply with new and existing governmental regulations including, but not limited to, tax regulations;
- loss or retirement of key members of management;
- failure to successfully execute our growth strategy, including any delays in our planned future growth; and
- our failure to maintain effective internal controls.

Consequently, forward-looking statements speak only as of the date that they are made and should be regarded solely as our current plans, estimates and beliefs. You should not place undue reliance on forward-looking statements. We cannot guarantee future results, events, levels of activity, performance or achievements. Except as required by law, we do not undertake and specifically decline any obligation to update, republish or revise forward-looking statements to reflect future events or circumstances or to reflect the occurrences of unanticipated events.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

MACROGENICS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	March 31, 2021	December 31, 2020
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 218,496	$ 181,131
Marketable securities	124,681	91,400
Accounts receivable	7,148	23,081
Inventory	6,172	—
Prepaid expenses and other current assets	18,222	16,982
Total current assets	374,719	312,594
Property, equipment and software, net	40,475	42,225
Other assets	20,251	23,924
Total assets	$ 435,445	$ 378,743
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 10,346	$ 8,031
Accrued expenses and other current liabilities	34,965	34,198
Deferred revenue	3,520	4,456
Lease liabilities	4,212	3,988
Total current liabilities	53,043	50,673
Deferred revenue, net of current portion	7,260	6,926
Lease liabilities, net of current portion	24,353	25,260
Other non current liabilities	258	—
Total liabilities	84,914	82,859
Stockholders' equity:		
Common stock, $0.01 par value -- 125,000,000 shares authorized, 60,011,206 and 56,244,771 shares outstanding at March 31, 2021 and December 31, 2020, respectively	600	562
Additional paid-in capital	1,173,013	1,067,150
Accumulated other comprehensive income (loss)	11	(7)
Accumulated deficit	(823,093)	(771,821)
Total stockholders' equity	350,531	295,884
Total liabilities and stockholders' equity	$ 435,445	$ 378,743

See notes to consolidated financial statements.

MACROGENICS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited)
(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2021	**2020**
Revenues:		
Revenue from collaborative and other agreements	$ 15,184	$ 12,967
Product revenue, net	887	—
Revenue from government agreements	810	715
Total revenues	16,881	13,682
Costs and expenses:		
Cost of product sales	17	—
Research and development	53,121	48,894
Selling, general and administrative	15,036	10,233
Total costs and expenses	68,174	59,127
Loss from operations	(51,293)	(45,445)
Other income	21	721
Net loss	(51,272)	(44,724)
Other comprehensive income:		
Unrealized gain on investments	18	56
Comprehensive loss	$ (51,254)	$ (44,668)
Basic and diluted net loss per common share	$ (0.90)	$ (0.91)
Basic and diluted weighted average common shares outstanding	57,202,846	49,012,663

See notes to consolidated financial statements.

MACROGENICS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)
(in thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2020	56,244,771	$ 562	$ 1,067,150	$ (771,821)	$ (7)	$ 295,884
Share-based compensation	—	—	5,243	—	—	5,243
Issuance of common stock, net of offering costs	3,622,186	36	98,164	—	—	98,200
Stock plan related activity	144,249	2	2,456	—	—	2,458
Unrealized gain on investments	—	—	—	—	18	18
Net loss	—	—	—	(51,272)	—	(51,272)
Balance, March 31, 2021	60,011,206	$ 600	$ 1,173,013	$ (823,093)	$ 11	$ 350,531

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2019	48,958,763	$ 490	$ 872,204	$ (642,082)	$ 16	$ 230,628
Share-based compensation	—	—	4,451	—	—	4,451
Stock plan related activity	172,387	2	160	—	—	162
Unrealized gain on investments	—	—	—	—	56	56
Net loss	—	—	—	(44,724)	—	(44,724)
Balance, March 31, 2020	49,131,150	$ 492	$ 876,815	$ (686,806)	$ 72	$ 190,573

See notes to consolidated financial statements.

MACROGENICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Three Months Ended March 31,	
	2021	**2020**
Cash flows from operating activities		
Net loss	$ (51,272)	$ (44,724)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	2,729	3,079
Amortization of premiums and discounts on marketable securities	367	(270)
Stock-based compensation	5,286	4,491
Changes in operating assets and liabilities:		
Accounts receivable	15,934	938
Inventory	(6,172)	—
Prepaid expenses and other current assets	(1,239)	(1,345)
Other assets	3,673	695
Accounts payable	1,829	(2,286)
Accrued expenses and other current liabilities	855	(2,118)
Lease liabilities	(683)	(869)
Deferred revenue	(601)	(2,248)
Other non current liabilities	258	515
Net cash used in operating activities	(29,036)	(44,142)
Cash flows from investing activities		
Purchases of marketable securities	(93,881)	(61,186)
Proceeds from sale and maturities of marketable securities	60,250	73,003
Purchases of property, equipment and software	(626)	(1,253)
Net cash provided by (used in) investing activities	(34,257)	10,564
Cash flows from financing activities		
Proceeds from issuance of common stock, net of offering costs	98,200	—
Proceeds from stock option exercises and ESPP purchases	2,458	162
Net cash provided by financing activities	100,658	162
Net change in cash and cash equivalents	37,365	(33,416)
Cash and cash equivalents at beginning of period	181,131	126,472
Cash and cash equivalents at end of period	$ 218,496	$ 93,056
Supplemental Cash Flow Information		
Property, equipment and software included in accounts payable or accruals	$ 486	$ —

See notes to consolidated financial statements.

MACROGENICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. Nature of Operations

Description of the business

MacroGenics, Inc. (the Company) is incorporated in the state of Delaware. The Company is a biopharmaceutical company focused on developing and commercializing innovative antibody-based therapeutics designed to modulate the human immune response for the treatment of cancer. In December 2020, the U.S. Food and Drug Administration (FDA) approved MARGENZA (margetuximab-cmkb) in combination with chemotherapy for the treatment of adult patients with metastatic HER2-positive breast cancer who have received two or more prior anti-HER2 regimens, at least one of which was for metastatic disease. The Company launched MARGENZA in collaboration with our commercialization partner, Eversana Life Science Services, LLC (Eversana), in March 2021. In addition, the Company has a pipeline of product candidates in human clinical testing that have been created primarily using its proprietary, antibody-based technology platforms. The Company believes its product candidates have the potential to have a meaningful effect on treating patients' unmet medical needs as monotherapy or, in some cases, in combination with other therapeutic agents.

Liquidity

The Company’s multiple product candidates currently under development will require significant additional research and development efforts that include extensive preclinical studies and clinical testing, and regulatory approval prior to commercial use.

As a biotechnology company, the Company has primarily funded its operations with proceeds from the sale of its common stock in equity offerings, revenue from its multiple collaboration agreements, and contracts and grants from the National Institute of Allergy and Infectious Diseases (NIAID). Management regularly reviews the Company’s available liquidity relative to its operating budget and forecast to monitor the sufficiency of the Company’s working capital, and anticipates continuing to draw upon available sources of capital, including equity and debt instruments, to support its product development activities. Based on the Company’s most recent cash flow forecast, the Company believes its current cash, cash equivalents and marketable securities is sufficient to fund its operating plans for a minimum of twelve months from the date that this Quarterly Report was filed. The Company plans to meet its near-term operating requirements primarily through cash and marketable securities on hand, and a combination of product sales and current and future strategic collaborations and alliances and marketing, distribution or licensing arrangements. In the longer term, the Company plans to meet its operating requirements by generating revenue from product sales to the extent its other product candidates receive marketing approval and can be commercialized, or by potential future equity or debt issuances. There can be no assurances that new sources of capital will be available to the Company on commercially acceptable terms, if at all. Also, any future collaborations, strategic alliances and marketing, distribution or licensing arrangements may require the Company to give up some or all rights to a product or technology at less than its full potential value. If the Company is unable to enter into new arrangements or to perform under current or future agreements or obtain additional capital, the Company will assess its capital resources and may be required to delay, reduce the scope of, or eliminate one or more of its product research and development programs or clinical studies, and/or downsize its organization.

Similar to the other risk factors pertinent to the Company's business, the COVID-19 pandemic might unfavorably impact the Company's ability to generate such additional funding. Given the uncertainty in the rapidly changing market and economic conditions related to the COVID-19 pandemic, the Company will continue to evaluate the nature and extent of the impact of the outbreak on its business and financial position.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information. The financial statements include all adjustments (consisting only of normal recurring adjustments) that the management of the Company believes are necessary for a fair presentation of the periods presented. These interim financial results are not necessarily indicative of results expected for the full fiscal year or for any subsequent interim period.

The accompanying unaudited interim consolidated financial statements include the accounts of MacroGenics, Inc. and its wholly owned subsidiaries, MacroGenics UK Limited and MacroGenics Limited. All intercompany accounts and transactions have been eliminated in consolidation. These consolidated financial statements and related notes should be read in conjunction with the financial statements and notes thereto included in the Company's 2020 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 25, 2021.

2. Summary of Significant Accounting Policies

During the three months ended March 31, 2021, the Company adopted the following significant accounting policies in addition to those previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Inventory

The company outsources the manufacturing of MARGENZA. Prior to FDA approval of MARGENZA in December 2020, the cost of materials and expenses associated with the manufacturing of MARGENZA were recorded as research and development expense. Subsequent to regulatory approval, the Company began capitalizing MARGENZA inventory costs. The Company values its inventories at the lower of cost and estimated net realizable value. The Company determines the cost of its inventories, which includes amounts related to materials and third-party contract manufacturing costs, on a first-in, first-out basis. The Company performs an assessment of the recoverability of capitalized inventory during each reporting period, and it writes down any excess and obsolete inventories to their estimated realizable value in the period in which the impairment is first identified. Such write downs, should they occur, are recorded within the cost of sales in the statement of operations.

As of March 31, 2021, the Company's inventory balance consisted primarily of raw materials purchased and work in progress manufactured after the FDA approval of MARGENZA.

Product Revenue, Net

The Company entered into a limited number of arrangements with specialty distributors in the United States to distribute MARGENZA. These arrangements are considered to be contracts with customers and are in the scope of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606). The Company has written contracts with each of its customers that have a single performance obligation - to deliver products upon receipt of a customer order - and these obligations are satisfied when delivery occurs and the customer receives the product. The specialty distributors subsequently resell the Company's product to healthcare providers. Product revenue is recorded net of applicable reserves for variable consideration, including discounts and other allowances. Shipping and handling costs for product shipments occur prior to the customer obtaining control of the goods and are recorded in cost of sales. For the three months ended March 31, 2021, the shipping costs incurred were immaterial.

Reserves for Variable Consideration

Revenue from product sales is recorded at the net sales price, which includes estimates of variable consideration. Components of variable consideration typically include discounts, product returns, provider chargebacks and discounts and government rebates. Variable consideration is estimated following the expected value method in accordance with ASC 606 and includes such factors as current contractual and statutory requirements, specific known market events and trends, industry data, and forecasted customer buying and payment patterns. The amount of variable consideration that is included in the transaction price may be constrained and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized under the contract will not occur in a future period. Estimates of the variable consideration were not deemed constrained during the three months ended March 31, 2021.

Customer Discounts and Service Fees

The Company may provide customers with discounts which are explicitly stated in the contracts. These discounts are recorded as a reduction of revenue in the period the related product revenue is recognized. In addition, these contracts may include written service arrangements whereby the Company pays fees to customers who provide services such as sales order management, data, contract administration and distribution services, at rates which we believe to be consistent with fair market value. The Company has determined such services received to date are not distinct from the Company's sale of products to its customers and, therefore, these payments have been recorded as a reduction of revenue within the statement of operations.

Product Returns

Consistent with industry practice, the Company offers the specialty distributors product return rights pursuant to written contracts and/or Company returned goods policies. The Company estimates the amount of its product sales that may be returned by its customers and records an estimated liability and a reduction of revenue in the period the related product revenue is recognized. The Company currently estimates product returns using industry benchmarking as well as other information available, such as visibility into the inventory remaining in the distribution channel, since the Company does not have its own

returns experience. The Company's estimates of product returns may be adjusted in the future based on actual returns experience, known or expected changes in the marketplace, or other factors.

Provider Chargebacks and Discounts

Chargebacks for fees and discounts to healthcare providers represent the estimated obligations resulting from contractual commitments to sell products to qualified healthcare providers at prices lower than the list prices charged to customers who directly purchase the product from the Company. In such cases, customers charge the Company for the difference between what they pay for the product and the ultimate selling price to the qualified healthcare providers. The reserve for chargebacks is established in the same period that the related revenue is recognized, resulting in a reduction of product revenue. Chargeback amounts are generally determined at the time of resale to the qualified healthcare provider by customers, and the Company generally issues credits for such amounts within a few weeks of the customer’s notification to the Company of the resale. Chargebacks consist of credits the Company expects to issue for units that remain in the distribution channel at each reporting period end that the Company expects will be sold to qualified healthcare providers and chargebacks that customers have claimed, but for which the Company has not yet issued a credit.

Government Rebates

The Company is subject to discount and/or rebate obligations under state Medicaid programs, Medicare and contractual agreements with and statutory obligations to certain Federal and State entities. These reserves are recorded in the same period the related revenue is recognized, resulting in a reduction of product revenue. The Company’s liability for these rebates consists of invoices received for claims from prior quarters that have not been paid or for which an invoice has not yet been received, estimates of claims for the current quarter, and estimates of future claims that will be made for product that has been recognized as revenue, but which remains in the distribution channel at the end of each reporting period.

Customer discounts and service fees are recorded as reductions of accounts receivable on the consolidated balance sheets. Allowance for product returns, provider chargebacks and government and other rebates are recorded as a component of accrued expenses and other current liabilities on the consolidated balance sheets.

Cost of product sales

Cost of product sales relates to sales of MARGENZA. These costs include material, manufacturing and shipping costs, as well as royalties payable on net sales of MARGENZA. All product costs incurred prior to FDA approval of MARGENZA in December 2020 were expensed as research and development expense. The Company expects cost of product sales to continue to be positively impacted as the Company sells through inventory that was expensed prior to FDA approval of MARGENZA in December 2020. The Company is currently unable to estimate how long it will be until it begins selling product manufactured post FDA approval.

Recent Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (ASU 2019-12). ASU 2019-12 is part of the FASB’s overall simplification initiative and seeks to simplify the accounting for income taxes by updating certain guidance and removing certain exceptions. The updated guidance is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. The adoption of this standard as of January 1, 2021 had no impact on the Company's consolidated financial statements and related disclosures.

The Company has evaluated all other ASUs issued through the date the consolidated financials were issued and believes that the adoption of these ASUs will not have a material impact on the Company's consolidated financial statements.

3. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities, accounts receivable, accounts payable and accrued expenses. The carrying amount of accounts receivable, accounts payable and accrued expenses are generally considered to be representative of their respective fair values because of their short-term nature. The Company accounts for recurring and non-recurring fair value measurements in accordance with FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 defines fair value, establishes a fair value hierarchy for assets and liabilities measured at fair value, and requires expanded disclosures about fair value measurements. The ASC 820 hierarchy ranks the quality of reliability of inputs, or assumptions, used in the determination of fair value and requires assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

- Level 1 - Fair value is determined by using unadjusted quoted prices that are available in active markets for identical assets and liabilities.
- Level 2 - Fair value is determined by using inputs other than Level 1 quoted prices that are directly or indirectly observable. Inputs can include quoted prices for similar assets and liabilities in active markets or quoted prices for identical assets and liabilities in inactive markets. Related inputs can also include those used in valuation or other pricing models, such as interest rates and yield curves that can be corroborated by observable market data.
- Level 3 - Fair value is determined by inputs that are unobservable and not corroborated by market data. Use of these inputs involves significant and subjective judgments to be made by a reporting entity - e.g., determining an appropriate adjustment to a discount factor for illiquidity associated with a given security.

The Company evaluates financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level at which to classify them each reporting period. This determination requires the Company to make subjective judgments as to the significance of inputs used in determining fair value and where such inputs lie within the ASC 820 hierarchy.

Financial assets measured at fair value on a recurring basis were as follows (in thousands):

	Fair Value Measurements at March 31, 2021		
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2
Assets:			
Money market funds	$ 15,014	$ 15,014	$ —
U.S. Treasury securities	79,787	—	79,787
Government-sponsored enterprises	4,570	—	4,570
Corporate debt securities	43,824	—	43,824
Total assets measured at fair value[(a)]	$ 143,195	$ 15,014	$ 128,181

	Fair Value Measurements at December 31, 2020		
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2
Assets:			
Money market funds	$ 49,004	$ 49,004	$ —
U.S. Treasury securities	60,623	—	60,623
Corporate debt securities	33,776	—	33,776
Total assets measured at fair value[(b)]	$ 143,403	$ 49,004	$ 94,399

(a) Total assets measured at fair value at March 31, 2021 includes approximately $18.5 million reported in cash and cash equivalents on the consolidated balance sheet.

(b) Total assets measured at fair value at December 31, 2020 includes approximately $52.0 million reported in cash and cash equivalents on the consolidated balance sheet.

The fair value of Level 2 securities is determined from market pricing and other observable market inputs for similar securities obtained from various third-party data providers. These inputs either represent quoted prices for similar assets in active markets or have been derived from observable market data. There were no transfers between levels during the periods presented, and the Company has no Level 3 securities in its portfolio.

4. Marketable Securities

The following tables summarize the Company's marketable debt securities (in thousands):

	March 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$ 79,775	$ 12	$ —	$ 79,787
Government-sponsored enterprises	$ 4,570	$ —	$ —	$ 4,570
Corporate debt securities	40,325	2	(3)	40,324
Total	$ 124,670	$ 14	$ (3)	$124,681

	December 31, 2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$ 60,630	$ 1	$ (7)	$ 60,624
Corporate debt securities	30,777	2	(3)	30,776
Total	$ 91,407	$ 3	$ (10)	$ 91,400

All available-for-sale marketable debt securities held as of March 31, 2021 and December 31, 2020 had contractual maturities of less than one year. All of the Company's available-for-sale marketable debt securities in an unrealized loss position as of March 31, 2021 and December 31, 2020 were in a loss position for less than 12 months. Unrealized losses on available-for-sale debt securities as of March 31, 2021 and December 31, 2020 were not significant and were primarily due to changes in interest rates, including market credit spreads, and not due to increased credit risks associated with specific securities. Accordingly, no allowance for credit losses related to the Company's available-for-sale debt securities was recorded for any periods presented. We do not intend to sell these investments and it is not more likely than not that we will be required to sell the investments before recovery of their amortized cost bases, which may be at maturity.

5. Inventory

All of the Company's inventory relates to the manufacturing of MARGENZA. The following table sets forth the Company's inventory as of March 31, 2021 (in thousands):

Raw materials	$ 1,215
Work in process	4,957
Total inventory	$ 6,172

Prior to FDA approval of MARGENZA in December 2020, the cost of materials and expenses associated with the manufacturing of MARGENZA were recorded as research and development expense. Subsequent to FDA approval, the Company began capitalizing inventory costs related to the manufacture of MARGENZA.

6. Stockholders' Equity

In November 2020, the Company entered into a sales agreement with an agent to sell, from time to time, shares of its common stock having an aggregate sales price of up to $100.0 million through an “at the market offering” (ATM Offering) as defined in Rule 415 under the Securities Act of 1933, as amended. The shares that were sold under the sales agreement were issued and sold pursuant to the Company's shelf registration statement on Form S-3 that was filed with the Securities and Exchange Commission on November 4, 2020. During the three months ended March 31, 2021, the Company sold 3,622,186 shares of common stock at a weighted average price per share of $27.60, resulting in net proceeds of approximately $98.2 million, net of underwriting discounts and commissions and other offering expenses.

7. Collaboration and Other Agreements

Incyte Corporation

In 2017, the Company entered into an exclusive global collaboration and license agreement with Incyte Corporation (Incyte) for retifanlimab (formerly known as MGA012 and INCMGA0012), an investigational monoclonal antibody that inhibits programmed cell death protein 1 (PD-1) (Incyte License Agreement). Incyte has obtained exclusive worldwide rights for the development and commercialization of retifanlimab in all indications, while the Company retains the right to develop its pipeline assets in combination with retifanlimab. Under the terms of the Incyte License Agreement, Incyte paid the Company an upfront payment of $150.0 million in 2017. In January 2021, Incyte announced that the FDA had accepted for Priority Review its Biologics License Application for retifanlimab as a potential treatment for adult patients with locally advanced or metastatic squamous cell carcinoma of the anal canal. The PDUFA target action date for retifanlimab is July 25, 2021.

Under the terms of the Incyte License Agreement, Incyte will lead global development of retifanlimab. Assuming successful development and commercialization of retifanlimab by Incyte, the Company could receive up to approximately $420.0 million in development and regulatory milestones and up to $330.0 million in commercial milestones. From the inception of the Incyte License Agreement through March 31, 2021, the Company has recognized $65.0 million in development milestones under the Incyte License Agreement. If retifanlimab is approved and commercialized, the Company would be eligible to receive tiered royalties of 15% to 24% on any global net sales. The Company retains the right to develop its pipeline assets in combination with retifanlimab, with Incyte commercializing retifanlimab and the Company commercializing its asset(s), if any such potential combinations are approved. In addition, the Company retains the right to manufacture a portion of both companies' global commercial supply needs of retifanlimab, subject to the separate commercial supply agreement.

The Company evaluated the Incyte License Agreement under ASC 606 and identified the following two performance obligations under the agreement: (i) the license of retifanlimab and (ii) the performance of certain clinical activities through a brief technology transfer period. The Company determined that the license and clinical activities are separate performance obligations because they are capable of being distinct, and are distinct in the context of the contract. The license has standalone functionality as it is sublicensable, Incyte has significant capabilities in performing clinical trials, and Incyte is capable of performing these activities without the Company's involvement; the Company performed the activities during the transfer period as a matter of convenience. The Company determined that the transaction price of the Incyte License Agreement at inception was $154.0 million, consisting of the consideration to which the Company was entitled in exchange for the license and an estimate of the consideration for clinical activities to be performed. The transaction price was allocated to each performance obligation based on their relative standalone selling price. The standalone selling price of the license was determined using the adjusted market assessment approach considering similar collaboration and license agreements. The standalone selling price for the agreed-upon clinical activities to be performed was determined using the expected cost approach based on similar arrangements the Company has with other parties. The potential development and regulatory milestone payments are fully constrained until the Company concludes that achievement of the milestone is probable and that recognition of revenue related to the milestone will not result in a significant reversal in amounts recognized in future periods, and as such have been excluded from the transaction price. Any consideration related to sales-based milestones and royalties will be recognized when the related sales occur, as they were determined to relate predominantly to the license granted to Incyte and, therefore, have also been excluded from the transaction price. The Company re-assesses the transaction price in each reporting period and when events whose outcomes are resolved or other changes in circumstances occur. From 2018 through March 31, 2021, it became probable that a significant reversal of cumulative revenue would not occur for development milestones totaling $65.0 million related to clinical and regulatory activities related to the further advancement of retifanlimab, including Incyte’s initiation of a Phase 3 clinical trial. Therefore the associated consideration was added to the estimated transaction price.

The Company recognized the $150.0 million allocated to the license when it satisfied its performance obligation and transferred the license to Incyte in 2017. The $4.0 million allocated to the clinical activities was recognized ratably as services were performed over a period spanning 2017 and 2018. During the three months ended March 31, 2021, it became probable that a significant reversal of cumulative revenue would not occur for another $10.0 million milestone related to development progress of retifanlimab outside the U.S., therefore the associated consideration was added to the estimated transaction price and was recognized as revenue. No revenue was recognized under the Incyte License Agreement during the three months ended March 31, 2020.

The Company also has an agreement with Incyte, which was entered into in 2018, under which the Company is to perform development and manufacturing services for Incyte’s clinical needs of retifanlimab (Incyte Clinical Supply Agreement). The Company evaluated the agreement under ASC 606 and identified one performance obligation under the agreement: to perform services related to the development and manufacturing of the clinical supply of retifanlimab. The transaction price is based on the costs incurred to develop and manufacture drug product and drug substance, and is recognized over time as the services are provided, as the performance by the Company does not create an asset with an alternative use and

the Company has an enforceable right to payment for the performance completed to date. The transaction price will be recognized using the input method reflecting the costs incurred (including resources consumed and labor hours expended) related to the manufacturing services. During the three months ended March 31, 2021 and 2020, the Company recognized revenue of $0.1 million and $5.9 million, respectively, for services performed under the Incyte Clinical Supply Agreement.

In October 2020, the Company entered into an agreement with Incyte pursuant to which the Company is entitled to manufacture a portion of the global commercial supply needs for retifanlimab (Incyte Commercial Supply Agreement). Unless terminated earlier, the term of the Incyte Commercial Supply Agreement will expire upon the expiration of Incyte's obligation to pay royalties under the Incyte License Agreement. The Company evaluated this agreement under ASC 606 and identified one performance obligation under the agreement: to perform services related to manufacturing the commercial supply of retifanlimab. The transaction price is based on a fixed price per batch of bulk drug substance to be manufactured and is recognized over time as the services are provided, as the performance by the Company does not create an asset with an alternative use and the Company has an enforceable right to payment for the performance completed to date. The transaction price will be recognized using the input method reflecting the costs incurred (including resources consumed and labor hours expended) related to the manufacturing services. During the three months ended March 31, 2021, the Company recognized revenue of $3.1 million for services performed under the Incyte Commercial Supply Agreement.

Zai Lab Limited

In 2018, the Company entered into a collaboration and license agreement with Zai Lab Limited (Zai Lab) under which Zai Lab obtained regional development and commercialization rights in mainland China, Hong Kong, Macau and Taiwan (Zai Lab's territory) for (i) margetuximab, an immune-optimized anti-HER2 monoclonal antibody, (ii) tebotelimab (formerly known as MGD013), a bispecific DART molecule designed to provide coordinate blockade of PD-1 and LAG-3 for the potential treatment of a range of solid tumors and hematological malignancies, and (iii) an undisclosed multi-specific TRIDENT molecule in preclinical development (Zai Lab Agreement). Zai Lab will lead clinical development of these molecules in its territory.

Under the terms of the Zai Lab Agreement, Zai Lab paid the Company an upfront payment of $25.0 million ($22.5 million after netting value-added tax withholdings of $2.5 million). Assuming successful development and commercialization of margetuximab, tebotelimab and the TRIDENT molecule, the Company could receive up to $140.0 million in development and regulatory milestones, $4.0 million of which ($3.6 million after netting value-added tax withholdings of $0.4 million) was earned during the three months ended March 31, 2020. In addition, Zai Lab would pay the Company tiered royalties at percentage rates of mid-teens to 20% for net sales of margetuximab in Zai Lab's territory, mid-teens for net sales of tebotelimab in Zai Lab's territory and 10% for net sales of the TRIDENT molecule in Zai Lab's territory, which may be subject to adjustment in specified circumstances.

The Company evaluated the Zai Lab Agreement under the provisions of ASC 606 and identified the following material promises under the arrangement for each of the two product candidates, margetuximab and tebotelimab: (i) an exclusive license to develop and commercialize the product candidate in Zai Lab's territory and (ii) certain research and development activities. The Company determined that each license and the related research and development activities were not distinct from one another, as the license has limited value without the performance of the research and development activities. As such, the Company determined that these promises should be combined into a single performance obligation for each product candidate. Activities related to margetuximab and tebotelimab are separate performance obligations from each other because they are capable of being distinct, and are distinct in the context of the contract. The Company evaluated the promises related to the TRIDENT molecule and determined they were immaterial in context of the contract, therefore there is no performance obligation related to that molecule. The Company determined that the net $22.5 million upfront payment from Zai Lab constituted the entirety of the consideration to be included in the transaction price as of the outset of the arrangement, and the transaction price was allocated to the two performance obligations based on their relative standalone selling price. The standalone selling price of the performance obligations was determined using the adjusted market assessment approach considering similar collaboration and license agreements. The potential development and regulatory milestone payments are fully constrained until the Company concludes that achievement of the milestone is probable, and that recognition of revenue related to the milestone will not result in a significant reversal in amounts recognized in future periods, and as such have been excluded from the transaction price. Any consideration related to royalties will be recognized if and when the related sales occur, as they were determined to relate predominantly to the license granted to Zai Lab and, therefore, have also been excluded from the transaction price. The Company re-assesses the transaction price in each reporting period and when events whose outcomes are resolved or other changes in circumstances occur.

Due to the relatively short-term nature of the recognition period, the revenue associated with the tebotelimab performance obligation was recognized on a straight-line basis as the Company performed research and development activities under the agreement. The fixed consideration related to the margetuximab performance obligation was also recognized on a

straight-line basis as the Company performed research and development activities under the agreement due to the short-term nature of the recognition period. Straight-line recognition is materially consistent with the pattern of performance of the research and development activities of each product candidate. The variable consideration related to the margetuximab performance obligation was recognized upon certain regulatory achievements during 2020. The Company recognized revenue of $3.6 million during the three months ended March 31, 2020 under the Zai Lab Agreement. There was no revenue deferred under this agreement as of March 31, 2021 or December 31, 2020.

During 2019, the Company entered into two agreements under which the Company is to perform manufacturing services for Zai Lab's clinical needs of margetuximab and tebotelimab (Zai Lab Clinical Supply Agreements). The Company evaluated the agreements under ASC 606 and determined that they should be accounted for as a single contract and identified two performance obligations within that contract: to perform services related to manufacturing the clinical supply of each of margetuximab and tebotelimab. The transaction price is based on the costs incurred to manufacture drug product and drug substance, and is recognized over time as the services are provided, as the performance by the Company does not create an asset with an alternative use and the Company has an enforceable right to payment for the performance completed to date. During the three months ended March 31, 2021 and 2020, the Company recognized revenue of $1.1 million and $1.0 million, respectively, related to the Zai Lab Clinical Supply Agreements.

Janssen Biotech, Inc.

In December 2020, the Company entered into a research collaboration and license agreement with Janssen Biotech, Inc. (Janssen) to develop a novel DART molecule (Janssen Agreement). The research collaboration will incorporate the Company's proprietary DART platform to enable simultaneous targeting of two undisclosed targets in a therapeutic area outside oncology. Under the terms of the Janssen Agreement, Janssen paid the Company an upfront payment of $20.0 million and will be responsible for funding all research and development expenses. The Company will also be eligible to receive up to $312.0 million in potential milestone payments and tiered royalties of up to 10% on worldwide product sales.

Subject to the terms of this agreement, the Company granted Janssen an exclusive, royalty-bearing license to develop, manufacture and commercialize the preclinical bispecific molecule and the Company will perform certain research and development activities during a specified research term. The Company evaluated the Janssen Agreement under the provisions of ASC 606 and identified the following material promises under the arrangement: (i) a license to develop the preclinical bispecific molecule and (ii) performing certain research and development activities during the research term. The Company determined that the license and research and development activities are separate performance obligations because they are capable of being distinct, and are distinct in the context of the contract. The license has standalone functionality as Janssen could benefit from the license on its own without the Company's involvement during the research term. The Company determined that the transaction price of the Janssen Agreement at inception was $22.2 million, consisting of the consideration to which the Company was entitled in exchange for the license and an estimate of the consideration for research and development activities to be performed. The transaction price was allocated to each performance obligation based on their relative standalone selling price. The standalone selling price of the license was determined using the adjusted market assessment approach considering similar collaboration and license agreements as well as current market conditions. The standalone selling price for agreed-upon research and development activities to be performed was determined using the expected cost approach based on similar arrangements the Company has with other parties. This variable consideration is fully constrained until the Company begins its work under the performance obligation. The potential milestone payments are fully constrained until the Company concludes that achievement of the milestone is probable and that recognition of revenue related to the milestone will not result in a significant reversal in amounts recognized in future periods, and as such have been excluded from the transaction price. Any consideration related to sales-based milestones and royalties will be recognized when the related sales occur, as they were determined to relate predominantly to the license granted to Janssen and, therefore, have also been excluded from the transaction price. The Company re-assesses the transaction price in each reporting period and when events whose outcomes are resolved or other changes in circumstances occur.

The Company recognized the $20.0 million allocated to the license when it satisfied its performance obligation and transferred the license to Janssen in December 2020. The $2.2 million allocated to the research and development activities is being recognized over the Company's involvement in the research term, which is estimated to be less than two years. During the three months ended March 31, 2021, the Company recognized revenue of $0.3 million related to performance of the research and development activities.

I-Mab Biopharma

In 2019, the Company entered into a collaboration and license agreement with I-Mab Biopharma (I-Mab) to develop and commercialize enoblituzumab, an immune-optimized, anti-B7-H3 monoclonal antibody that incorporates the Company's proprietary Fc Optimization technology platform (I-Mab Agreement). I-Mab obtained regional development and

commercialization rights in mainland China, Hong Kong, Macau and Taiwan (I-Mab's territory), will lead clinical development of enoblituzumab in its territories, and will participate in global studies conducted by the Company.

Under the terms of the I-Mab Agreement, I-Mab paid the Company an upfront payment of $15.0 million. Assuming successful development and commercialization of enoblituzumab, the Company could receive up to $135.0 million in development and regulatory milestones. In addition, I-Mab would pay the Company tiered royalties ranging from mid-teens to 20% on annual net sales in I-Mab's territory.

The Company evaluated the I-Mab Agreement under the provisions of ASC 606 and identified the following material promises under the arrangement: (i) an exclusive license to develop and commercialize enoblituzumab in I-Mab's territories, (ii) perform certain research and development activities and (iii) conduct a chronic toxicology study. The Company determined that the license and the related research and development activities were not distinct from one another, as the license has limited value without the performance of the research and development activities. As such, the Company determined that the license and related research and development activities should be combined into a single performance obligation. The Company determined that the $15.0 million upfront payment from I-Mab constituted the entirety of the consideration to be included in the transaction price as of the outset of the arrangement for the license and related research and development activities. The Company has also determined that the chronic toxicology study is distinct from the other promises and has estimated the variable consideration of that performance obligation to be approximately $1.0 million. I-Mab will pay the Company for the cost of this study as the costs are incurred and I-Mab will be entitled to a one-time credit of eighty percent of the total amount of such costs against a future milestone, at which point the Company will reassess the transaction price for that milestone. The potential development and regulatory milestone payments are fully constrained until the Company concludes that achievement of the milestone is probable, and that recognition of revenue related to the milestone will not result in a significant reversal in amounts recognized in future periods, and as such have been excluded from the transaction price. Any consideration related to royalties will be recognized if and when the related sales occur, as they were determined to relate predominantly to the license granted to I-Mab and, therefore, have also been excluded from the transaction price. The Company re-assesses the transaction price in each reporting period and when events whose outcomes are resolved or other changes in circumstances occur.

Revenue under the I-Mab Agreement is being recognized using a cost-based input method according to costs incurred to date compared to estimated total costs. The transfer of control occurs over this time period and, in management's judgment, is the best measure of progress towards satisfying the performance obligations. During the three months ended March 31, 2021 and 2020, the Company recognized revenue of $0.6 million and $1.1 million, respectively, under the I-Mab Agreement. At March 31, 2021, $10.8 million of revenue was deferred under this agreement, $3.5 million of which was current and $7.3 million of which was non-current. At December 31, 2020, $11.4 million of revenue was deferred under this agreement, $4.5 million of which was current and $6.9 million of which was non-current.

NIAID Contract

The Company entered into a contract with National Institute of Allergy and Infectious Diseases (NIAID), effective as of September 15, 2015, to perform product development and to advance up to two DART molecules, including MGD014 (NIAID Contract). Under the NIAID Contract, the Company will develop these product candidates for Phase 1/2 clinical trials as therapeutic agents, in combination with latency reversing treatments, to deplete cells infected with human immunodeficiency virus (HIV) infection. NIAID does not receive goods or services from the Company under this contract, therefore the Company does not consider NIAID to be a customer and concluded this contract is outside the scope of ASC 606.

The NIAID Contract includes a base period of up to $7.5 million to support development of MGD014 through Investigational New Drug application submission with the FDA, as well as up to $17.0 million in additional development funding via NIAID options. Should NIAID fully exercise such options, the Company could receive total payments of up to $24.5 million. The total potential period of performance under the award is from September 15, 2015 through December 31, 2024. In 2017, NIAID exercised the first option in the amount of up to $10.8 million to fund the commencement of the MGD014 clinical trial and development of the second DART molecule. During the three months ended March 31, 2021 and 2020, the Company recognized revenue under the NIAID Contract of $0.8 million and $0.7 million, respectively.

8. Stock-Based Compensation

Employee Stock Purchase Plan

In May 2017, the Company's stockholders approved the 2016 Employee Stock Purchase Plan (the 2016 ESPP). The 2016 ESPP is structured as a qualified employee stock purchase plan under Section 423 of the Internal Revenue Code of 1986, as amended (IRC), and is not subject to the provisions of the Employee Retirement Income Security Act of 1974. The Company reserved 800,000 shares of common stock for issuance under the 2016 ESPP. The 2016 ESPP allows eligible

employees to purchase shares of the Company's common stock at a discount through payroll deductions of up to 10% of their eligible compensation, subject to any plan limitations. The 2016 ESPP provides for six-month offering periods ending on May 31 and November 30 of each year. At the end of each offering period, employees are able to purchase shares at 85% of the fair market value of the Company's common stock on the last day of the offering period. During the three months ended March 31, 2021, no shares of common stock were purchased under the 2016 ESPP.

Employee Stock Option Plans

Effective February 2003, the Company implemented the 2003 Equity Incentive Plan (2003 Plan), and it was amended and approved by the Company's stockholders in 2005. Stock options granted under the 2003 Plan may be either incentive stock options as defined by the IRC, or non-qualified stock options. In 2013, the 2003 Plan was terminated, and no further awards may be issued under the plan. Any shares of common stock subject to awards under the 2003 Plan that expire, terminate, or are otherwise surrendered, canceled, forfeited or repurchased without having been fully exercised, or resulting in any common stock being issued, will become available for issuance under the 2013 Stock Incentive Plan (2013 Plan), up to a specified number of shares. As of March 31, 2021, under the 2003 Plan, there were options to purchase an aggregate of 232,034 shares of common stock outstanding at a weighted average exercise price of $2.92 per share.

In October 2013, the Company implemented the 2013 Plan. The 2013 Plan provides for the grant of stock options and other stock-based awards, as well as cash-based performance awards. The number of shares of common stock reserved for issuance under the 2013 Plan will automatically increase on January 1 of each year from January 1, 2014 through and including January 1, 2023, by the lesser of (a) 1,960,168 shares, (b) 4.0% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year, or (c) the number of shares of common stock determined by the Company's Board of Directors. During the three months ended March 31, 2021, the maximum number of shares of common stock authorized to be issued by the Company under the 2013 Plan was increased to 13,856,781. If an option expires or terminates for any reason without having been fully exercised, if any shares of restricted stock are forfeited, or if any award terminates, expires or is settled without all or a portion of the shares of common stock covered by the award being issued, such shares are available for the grant of additional awards. However, any shares that are withheld (or delivered) to pay withholding taxes or to pay the exercise price of an option are not available for the grant of additional awards. As of March 31, 2021, there were options to purchase an aggregate of 8,371,403 shares of common stock outstanding at a weighted average exercise price of $21.72 per share under the 2013 Plan.

The following stock-based compensation expense was recognized for the periods indicated (in thousands):

	Three Months Ended March 31,	
	2021	**2020**
Research and development	$ 2,727	$ 2,434
Selling, general and administrative	2,559	2,057
Total stock-based compensation expense	$ 5,286	$ 4,491

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model using the assumptions in the following table for options issued during the period indicated:

	Three Months Ended March 31,	
	2021	**2020**
Expected dividend yield	0%	0%
Expected volatility	86.4% -86.7%	67.3% - 69.5%
Risk-free interest rate	0.6% - 1.4%	0.6% - 1.8%
Expected term	6.25 years	6.25 years

The following table summarizes stock option activity during the three months ended March 31, 2021:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding, December 31, 2020	7,258,353	$ 21.48	6.8	
Granted	1,555,796	19.52		
Exercised	(144,249)	17.59		
Forfeited or expired	(66,463)	17.98		
Outstanding, March 31, 2021	8,603,437	21.21	7.2	$ 91,820
As of March 31, 2021:				
Exercisable	4,825,295	22.96	5.7	43,209
Vested and expected to vest	8,167,732	21.32	7.1	86,309

The weighted-average grant-date fair value of options granted during the three months ended March 31, 2021 and 2020 was $14.23 and $7.12, respectively. The total intrinsic value of options exercised during the three months ended March 31, 2021 and 2020 was approximately $1.4 million and $1.1 million, respectively. The total cash received for options exercised during the three months ended March 31, 2021 and 2020 was approximately $2.5 million and $0.2 million, respectively. The total fair value of shares vested in the three months ended March 31, 2021 and 2020 was approximately $4.1 million and $3.7 million, respectively. As of March 31, 2021, the total unrecognized compensation expense related to unvested stock options, net of related forfeiture estimates, was approximately $42.3 million, which the Company expects to recognize over a weighted-average period of approximately 2.9 years.

Restricted Stock Units

During 2019, the Company awarded restricted stock units (RSUs) under the 2013 Plan to all employees with at least six months of service as of the date of grant except executive officers. Each RSU entitles the holder to receive one share of the Company's common stock when the RSU vests. The RSUs vest in two equal installments on the first and second anniversary of the grant date. Compensation expense is recognized on a straight-line basis.

The following table summarizes RSU activity during the three months ended March 31, 2021:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding, December 31, 2020	209,250	$ 15.92
Granted	—	—
Exercised	—	—
Forfeited or expired	(5,150)	15.32
Outstanding, March 31, 2021	204,100	15.93

At March 31, 2021, there was $1.2 million of total unrecognized compensation cost related to unvested RSUs, which the Company expects to recognize over a remaining weighted-average period of approximately six months.

9. Commitments and Contingencies

On September 13, 2019, a securities class action complaint was filed in the U.S. District Court for the District of Maryland by Todd Hill naming the Company, its Chief Executive Officer, Dr. Koenig, and its Chief Financial Officer, Mr. Karrels, as defendants for allegedly making false and materially misleading statements regarding the Company’s SOPHIA trial. On August 17, 2020, the Employees’ Retirement System of the City of Baton Rouge and Parish of East Baton Rouge was appointed as Lead Plaintiff, and on October 16, 2020, the Lead Plaintiff filed an amended complaint. The amended complaint asserts a putative class period stemming from February 6, 2019 to June 4, 2019. The Company filed a Motion to Dismiss on November 30, 2020. Plaintiff filed an Opposition brief on January 29, 2021, to which the Company filed a timely reply. The Company intends to vigorously defend against this action. However, the outcome of this legal proceeding is uncertain at this time and the Company cannot reasonably estimate a range of loss, if any. Accordingly, the Company has not accrued any liability associated with this action.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations is based upon our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q, which have been prepared by us in accordance with U.S. generally accepted accounting principles (GAAP), for interim periods and with Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended. This discussion and analysis should be read in conjunction with these unaudited consolidated financial statements and the notes thereto as well as in conjunction with our audited consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2020.

Overview

We are a biopharmaceutical company focused on developing and commercializing innovative antibody-based therapeutics designed to modulate the human immune response for the treatment of cancer. In December 2020, the U.S. Food and Drug Administration (FDA) approved MARGENZA (margetuximab-cmkb), a human epidermal growth factor receptor 2 (HER2) receptor antagonist indicated, in combination with chemotherapy, for the treatment of adult patients with metastatic HER2-positive breast cancer who have received two or more prior anti-HER2 regimens, at least one of which was for metastatic disease. We launched MARGENZA in March 2021. In addition, we have a pipeline of product candidates in human clinical testing, including eight immuno-oncology programs, that have been created primarily using our proprietary, antibody-based technology platforms. We believe our product candidates have the potential to have a meaningful effect on treating patients' unmet medical needs as monotherapy or, in some cases, in combination with other therapeutic agents.

We commenced active operations in 2000, and have since devoted substantially all of our resources to staffing our company, developing our technology platforms, identifying potential product candidates, undertaking preclinical studies, conducting clinical trials, developing collaborations, business planning and raising capital. We have financed our operations primarily through the public and private offerings of our securities, collaborations with other biopharmaceutical companies, and government grants and contracts. Although it is difficult to predict our funding requirements, we anticipate that our cash, cash equivalents and marketable securities as of March 31, 2021, combined with anticipated and potential collaboration payments and product revenues, should enable us to fund our operations through 2023, assuming our programs and collaborations advance as currently contemplated.

Through March 31, 2021, we had an accumulated deficit of $823.1 million. We expect that over the next several years this deficit will increase as we increase our expenditures in research and development in connection with our ongoing activities with several clinical trials, and incur costs related to commercial product sales.

COVID-19 Pandemic

The COVID-19 pandemic has negatively impacted the global economy, created significant financial market volatility, disrupted global supply chains, and resulted in a significant number of infections and deaths worldwide. In addition, several national, state and local governments have placed restrictions on people from gathering in groups or interacting within a certain physical distance.

To date, although there has been some negative impact on our business and operations, including, for example, slowed clinical trial enrollment, we have been able to mitigate against more severe impacts of the COVID-19 pandemic on our business and operations. However, the COVID-19 pandemic could have a more significant negative impact on our business in the future depending on the depth of the effects and the duration of the crisis. In response to the COVID-19 pandemic, we have been focused on keeping our employees safe, continuing patients on trials, and maintaining our manufacturing capabilities and research efforts. The COVID-19 pandemic is an evolving situation and we continue to monitor our business very closely to try and mitigate any potential impacts. We expect the pandemic to continue to have some near-term impact on the initiation of new studies and on clinical trial enrollment. Significant delays in the timing of our clinical trials and in regulatory reviews could adversely affect our ability to commercialize the product candidates in our pipeline.

Notwithstanding the foregoing, we cannot precisely predict the impact that the COVID-19 pandemic will have in the future due to numerous uncertainties, including the severity of the disease, the duration of the outbreak, actions that may be taken by governmental authorities, the impact to the business of potential variations or disruptions in our supply chain, and other factors identified in Part II, Item 1A. “Risk Factors” in this Form 10-Q and "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2020. Given these uncertainties, the COVID-19 pandemic could disrupt the

business of certain of our collaborators and impact our business operations and our ability to execute on our associated business strategies and initiatives, and adversely impact our consolidated results of operations and/or our financial condition in the future. We will continue to closely monitor and evaluate the nature and extent of the impact of the COVID-19 pandemic to our business, consolidated results of operations, and financial condition.

Collaborations

We pursue a balanced approach between product candidates that we develop ourselves and those that we develop with our collaborators. Under our strategic collaborations to date, we have received significant non-dilutive funding and continue to have rights to additional funding upon completion of certain research, achievement of key product development milestones and royalties and other payments upon the commercial sale of products. Our current collaborations include the following:

- *Incyte.* In 2017, we entered into an exclusive global collaboration and license agreement with Incyte Corporation (Incyte) for retifanlimab (also known as INCMGA0012), an investigational monoclonal antibody that inhibits programmed cell death protein 1 (PD-1) (Incyte License Agreement). Incyte has obtained exclusive worldwide rights for the development and commercialization of retifanlimab in all indications, while we retain the right to develop our pipeline assets in combination with retifanlimab. Incyte paid us an upfront payment of $150.0 million under the terms of the agreement. In January 2021, Incyte announced that the FDA had accepted for Priority Review its Biologics License Application for retifanlimab as a potential treatment for adult patients with locally advanced or metastatic squamous cell carcinoma of the anal canal. The PDUFA target action date for retifanlimab is July 25, 2021.

  Under the terms of the Incyte License Agreement, Incyte leads global development of retifanlimab. Assuming successful development and commercialization of retifanlimab by Incyte, we could receive total development and regulatory milestones of up to approximately $420.0 million and up to $330.0 million in commercial milestones. We received $55.0 million of the total development milestones through December 31, 2020 and an additional development milestone of $10.0 million was earned in February 2021. If retifanlimab is approved and commercialized, we would be eligible to receive tiered royalties of 15% to 24% on any global net sales and we have the option to co-promote retifanlimab with Incyte. We retain the right to develop our pipeline assets in combination with retifanlimab, with Incyte commercializing retifanlimab and us commercializing our asset(s), if any such potential combinations are approved. We also have an agreement with Incyte under which we are to perform development and manufacturing services for Incyte's clinical needs of retifanlimab (Incyte Clinical Supply Agreement) and another agreement under which we are entitled to manufacture a portion of Incyte’s global commercial supply of retifanlimab (Incyte Commercial Supply Agreement).

- *Zai Lab*. In 2018, we entered into a collaboration and license agreement with Zai Lab Limited (Zai Lab) under which Zai Lab obtained regional development and commercialization rights in mainland China, Hong Kong, Macau and Taiwan (Zai Lab’s territory) for (i) margetuximab, an immune-optimized anti-HER2 monoclonal antibody, (ii) tebotelimab (formerly known as MGD013), a bispecific DART molecule designed to provide coordinate blockade of PD-1 and LAG-3 for the potential treatment of a range of solid tumors and hematological malignancies, and (iii) an undisclosed multi-specific TRIDENT molecule in preclinical development. Zai Lab will lead clinical development in its territory.

  Under the terms of the agreement, Zai Lab paid us an upfront payment of $25.0 million less foreign withholding tax of $2.5 million. Assuming successful development and commercialization of margetuximab, tebotelimab and the TRIDENT molecule, we could receive up to $140.0 million in development and regulatory milestones, of which we have already received $4.0 million ($3.6 million net of foreign withholding tax). In addition, Zai Lab would pay us tiered royalties at percentage rates of mid-teens to 20% for net sales of margetuximab in Zai Lab’s territory, mid-teens for net sales of tebotelimab in Zai Lab’s territory and 10% for net sales of the TRIDENT molecule in Zai Lab’s territory, which may be subject to adjustment in specified circumstances.

  In 2019, we entered into two agreements under which the Company is to perform manufacturing services for Zai Lab’s clinical needs of margetuximab and tebotelimab (Zai Lab Clinical Supply Agreements).

- *I-Mab Biopharma.* In 2019, we entered into a collaboration and license agreement with I-Mab Biopharma (I-Mab) to develop and commercialize enoblituzumab, an immune-optimized, anti-B7-H3 monoclonal antibody that incorporates our proprietary Fc Optimization technology platform (I-Mab Agreement). I-Mab obtained regional development and commercialization rights in mainland China, Hong Kong, Macau and Taiwan (I-Mab's territory), will lead clinical development of enoblituzumab in its territories, and will participate in global studies conducted

by us.

Under the terms of the agreement, I-Mab paid us an upfront payment of $15.0 million. Assuming successful development and commercialization of enoblituzumab, we could receive up to $135.0 million in development and regulatory milestones. In addition, I-Mab would pay us tiered royalties ranging from mid-teens to 20% on annual net sales in its territories.

- *Janssen.* In December 2020, we entered into a research collaboration and global license agreement to develop a preclinical bispecific molecule with Janssen Biotech, Inc. (Janssen). The research collaboration will incorporate our proprietary DART platform to enable simultaneous targeting of two undisclosed targets in a therapeutic area outside oncology. Under the terms of the agreement, Janssen paid us an upfront payment of $20.0 million and will be responsible for funding all expenses. We will also be eligible to receive up to $312.0 million in potential milestone payments and tiered royalties of up to 10% on worldwide product sales.

Critical Accounting Policies and Significant Judgments and Estimates

Our critical accounting policies are those policies which require the most significant judgments and estimates in the preparation of our consolidated financial statements. A summary of our critical accounting policies is presented in Part II, Item 7, of our Annual Report on Form 10-K for the year ended December 31, 2020. The following accounting policies and estimates were deemed critical during the three months ended March 31, 2021.

Inventory

We outsource the manufacturing of MARGENZA. Prior to FDA approval of MARGENZA in December 2020, the cost of materials and expenses associated with the manufacturing of MARGENZA were recorded as research and development expense. Subsequent to regulatory approval, we began capitalizing MARGENZA inventory costs. We value our inventories at the lower of cost and estimated net realizable value. We determine the cost of our inventories, which includes amounts related to materials and third-party contract manufacturing costs, on a first-in, first-out basis. We perform an assessment of the recoverability of capitalized inventory during each reporting period, and we write down any excess and obsolete inventories to their estimated realizable value in the period in which the impairment is first identified. Such write downs, should they occur, are recorded within the cost of sales in the statement of operations.

As of March 31, 2021, our inventory balance consisted primarily of raw materials purchased and work in progress manufactured after the FDA approval of MARGENZA.

Product Revenue, Net

We entered into a limited number of arrangements with specialty distributors in the United States to distribute MARGENZA. These arrangements are considered to be contracts with customers and are in the scope of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606). We have written contracts with each of our customers that have a single performance obligation - to deliver products upon receipt of a customer order - and these obligations are satisfied when delivery occurs and the customer receives the product. The specialty distributors subsequently resell our product to healthcare providers. Product revenue is recorded net of applicable reserves for variable consideration, including discounts and allowances. Shipping and handling costs for product shipments occur prior to the customer obtaining control of the goods and are recorded in cost of sales. For the three months ended March 31, 2021, the shipping costs incurred to ship the product were immaterial.

Reserves for Variable Consideration

Revenue from product sales is recorded at the net sales price, which includes estimates of variable consideration. Components of variable consideration typically include discounts, product returns, provider chargebacks and discounts and government rebates. Variable consideration is estimated following the expected value method in accordance with ASC 606 and includes such factors as current contractual and statutory requirements, specific known market events and trends, industry data, and forecasted customer buying and payment patterns. The amount of variable consideration that is included in the transaction price may be constrained and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized under the contract will not occur in a future period. Estimates of the variable consideration were not deemed constrained during the three months ended March 31, 2021.

Customer Discounts and Service Fees

We may provide customers with discounts which are explicitly stated in our contracts. These discounts are recorded as a reduction of revenue in the period the related product revenue is recognized. In addition, these contracts may include written service arrangements whereby the Company pays fees to customers who provide services such as sales order management, data, contract administration and distribution services, at rates which we believe to be consistent with fair market value. We have determined such services received to date are not distinct from the sale of products to our customers and, therefore, these payments have been recorded as a reduction of revenue within the statement of operations.

Product Returns

Consistent with industry practice, we offer the specialty distributors product return rights pursuant to written contracts and/or our returned goods policies. We estimate the amount of product sales that may be returned by our customers and record an estimated liability and a reduction of revenue in the period the related product revenue is recognized. We currently estimate product returns using industry benchmarking as well as other information available, such as visibility into the inventory remaining in the distribution channel, since we do not have our own returns experience. Our estimates of product returns may be adjusted in the future based on actual returns experience, known or expected changes in the marketplace, or other factors.

Provider Chargebacks and Discounts

Chargebacks for fees and discounts to healthcare providers represent the estimated obligations resulting from contractual commitments to sell products to qualified healthcare providers at prices lower than the list prices charged to our customers who directly purchase the product from us. In such cases, customers charge us for the difference between what they pay for the product and the ultimate selling price to the qualified healthcare providers. The reserve for chargebacks is established in the same period that the related revenue is recognized, resulting in a reduction of product revenue. Chargeback amounts are generally determined at the time of resale to the qualified healthcare provider by customers, and we generally issue credits for such amounts within a few weeks of the customer’s notification to us of the resale. Chargebacks consist of credits we expect to issue for units that remain in the distribution channel at each reporting period end that we expect will be sold to qualified healthcare providers and chargebacks that customers have claimed, but for which we have not yet issued a credit.

Government Rebates

We are subject to discount and/or rebate obligations under state Medicaid programs, Medicare and contractual agreements with and statutory obligations to certain Federal and State entities. These reserves are recorded in the same period the related revenue is recognized, resulting in a reduction of product revenue. Our liability for these rebates consists of invoices received for claims from prior quarters that have not been paid or for which an invoice has not yet been received, estimates of claims for the current quarter, and estimates of future claims that will be made for product that has been recognized as revenue, but which remains in the distribution channel at the end of each reporting period.

Customer discounts and service fees are recorded as reductions of accounts receivable on the consolidated balance sheets. Allowance for product returns, provider chargebacks and government and other rebates are recorded as a component of accrued expenses and other current liabilities on the consolidated balance sheets.

Cost of product sales

Cost of product sales relates to sales of MARGENZA. These costs include material, manufacturing and shipping costs, as well as royalties payable on net sales of MARGENZA. All product costs incurred prior to FDA approval of MARGENZA in December 2020 were expensed as research and development expense. We expect cost of product sales to continue to be positively impacted as we sell through inventory that was expensed prior to FDA approval of MARGENZA in December 2020. We are currently unable to estimate how long it will be until we begin selling product manufactured post FDA approval.

Results of Operations

Revenue

The following represents a comparison of our revenue for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,		Increase/(Decrease)	
	2021	2020		
	(dollars in millions)			
Revenue from collaborative and other agreements	$ 15.2	$ 13.0	$ 2.2	17 %
Product revenue, net	0.9	—	0.9	N/A
Revenue from government agreements	0.8	0.7	0.1	13 %
Total revenue	**$ 16.9**	**$ 13.7**	**$ 3.2**	**23 %**

The increase in revenue of $3.2 million for the three months ended March 31, 2021 compared to the three months ended March 31, 2020 was primarily due to:

- recognition of a $10.0 million development milestone from Incyte related to the further advancement of retifanlimab outside the U.S.;
- $3.1 million recognized under the Incyte Commercial Supply Agreement which was executed in late 2020; and
- $0.9 million in net product revenue from sales of MARGENZA which was approved by the FDA in December 2020.

These increases were partially offset by:

- a decrease of approximately $5.8 million in revenue recognized under the Incyte Clinical Supply Agreement due to decreased development activity;
- a decrease of $3.6 million in revenue recognized under the Zai Lab collaboration and license agreement due to a milestone being recognized in the first quarter of 2020; and
- a decrease of $1.0 million in revenue recognition of deferred revenue related to the flotetuzumab license grant fee paid to us by Les Laboratoires Servier and Institut de Recherches Servier, our former collaborators for flotetuzumab, as the recognition period ended in January 2020.

We expect our product revenue, net to increase in future periods as we continue the commercial launch of MARGENZA.

Cost of Product Sales

Cost of product sales for the three months ended March 31, 2021 consisted primarily of product royalty fees. Product sold during the three months ended March 31, 2021 consisted of drug product that was previously charged to research and development expense prior to FDA approval of MARGENZA. This minimal cost drug product had a positive impact on our cost of product sales and related product gross margins for the three months ended March 31, 2021. No similar cost of product sales was recognized during the three months ended March 31, 2020.

Research and Development Expense

The following represents a comparison of our research and development expense for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,		Increase/(Decrease)	
	2021	2020		
		(dollars in millions)		
Margetuximab	$ 12.2	$ 12.0	0.2	2 %
Flotetuzumab	9.4	4.4	5.0	114 %
Tebotelimab	5.3	4.9	0.4	8 %
Retifanlimab	3.9	12.2	(8.3)	(68) %
Enoblituzumab	4.1	3.8	0.3	8 %
MGC018	4.7	2.1	2.6	124 %
MGD019	3.1	1.6	1.5	94 %
DART molecules under HIV government contract	1.5	1.1	0.4	36 %
IMGC936	0.9	0.8	0.1	13 %
MGD024	0.9	0.6	0.3	50 %
Other programs (a)	7.1	5.4	1.7	31 %
Total research and development expense	**$ 53.1**	**$ 48.9**	**$ 4.2**	**9 %**

(a) Includes research and discovery projects, as well as early preclinical and terminated molecules.

Our research and development expense for the three months ended March 31, 2021 increased by $4.2 million compared to the three months ended March 31, 2020 primarily due to:

- increased flotetuzumab development and clinical trial costs related to our Phase 1/2 dose expansion study;
- increased clinical trial costs related to our MGC018 Phase 1 dose expansion study;
- increased clinical trial costs related to our MGD019 Phase 1 dose expansion study; and
- increased costs related to preclinical development of product candidates in our pipeline.

These increases were partially offset by a decrease in development and manufacturing costs related to retifanlimab due to timing of manufacturing activities for Incyte under the Incyte Clinical Supply Agreement.

We expect our research and development expense will continue to increase as we progress our pipeline of product candidates.

Selling, General and Administrative Expense

Selling, general and administrative expenses increased by $4.8 million for the three months ended March 31, 2021 compared to the three months ended March 31, 2020, primarily due to costs related to the launch of MARGENZA in the first quarter of 2021. We expect our selling, general and administrative expense to continue to increase as we continue to launch MARGENZA.

Other Income

The decrease in other income for the three months ended March 31, 2021 compared to the three months ended March 31, 2020 is primarily due to decreased investment income.

Liquidity and Capital Resources

Our multiple product candidates currently under development will require significant additional research and development efforts that include extensive preclinical studies and clinical testing, and regulatory approval prior to commercial use.

As a biotechnology company, we have primarily funded our operations with proceeds from the sale of our common stock in equity offerings, revenue from our multiple collaboration agreements, and contracts and grants from NIAID. Management regularly reviews our available liquidity relative to our operating budget and forecast to monitor the sufficiency of our working capital, and anticipates continuing to draw upon available sources of capital, including equity and debt instruments, to support our product development activities. There can be no assurances that new sources of capital will be available to us on commercially acceptable terms, if at all. Also, any future collaborations, strategic alliances and marketing, distribution or licensing arrangements may require us to give up some or all rights to a product or technology at less than its full potential value. If we are unable to enter into new arrangements or to perform under current or future agreements or obtain additional capital, we will assess our capital resources and may be required to delay, reduce the scope of, or eliminate one or more of our product research and development programs or clinical studies, and/or downsize our organization. Although it is difficult to predict our funding requirements, we anticipate that our cash, cash equivalents and marketable securities as of March 31, 2021, anticipated and potential collaboration payments, and product revenues should enable us to fund our operations through 2023, assuming our programs and collaborations advance as currently contemplated.

Similar to the other risk factors pertinent to our business, the COVID-19 outbreak might unfavorably impact our ability to generate such additional funding. Given the uncertainty in the rapidly changing market and economic conditions related to the COVID-19 pandemic, we will continue to evaluate the nature and extent of the impact of the outbreak on our business and financial position.

Cash Flows

The following table represents a summary of our cash flows for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	**2020**
	(dollars in millions)	
Net cash provided by (used in):		
Operating activities	$ (29.0)	$ (44.1)
Investing activities	(34.3)	10.6
Financing activities	100.7	0.2
Net change in cash and cash equivalents	**$ 37.4**	**$ (33.4)**

Operating Activities

Net cash used in operating activities reflects, among other things, the amounts used to advance our clinical trials and preclinical activities. The principal use of cash in operating activities for all periods presented was primarily the result of our net loss, adjusted for non-cash items. The three months ended March 31, 2021 benefited from the $10.0 million milestone payment from Incyte and the three months ended March 31, 2020 benefited from the $3.6 million development milestone from Zai Lab.

Investing Activities

Net cash used in investing activities during the three months ended March 31, 2021 is primarily due to purchases of marketable securities, partially offset by maturities of marketable securities. Net cash provided by investing activities during the three months ended March 31, 2020 is primarily due to maturities of marketable securities, partially offset by purchases of marketable securities.

Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2021 reflects net cash proceeds from our securities offerings of approximately $98.2 million.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined under the rules and regulations of the Securities and Exchange Commission (SEC).

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary objective when considering our investment activities is to preserve capital in order to fund our operations. We also seek to maximize income from our investments without assuming significant risk. Our current investment policy is to invest principally in deposits and securities issued by the U.S. government and its agencies, Government Sponsored Enterprise agency debt obligations, corporate debt obligations and money market instruments. As of March 31, 2021, we had cash, cash equivalents and marketable securities of $343.2 million. Our primary exposure to market risk is related to changes in interest rates. Due to the short-term maturities of our cash equivalents and marketable securities and the low risk profile of our marketable securities, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our cash equivalents and marketable securities. We have the ability to hold our marketable securities until maturity, and we therefore do not expect a change in market interest rates to affect our operating results or cash flows to any significant degree.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, including our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2021. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in our periodic reports filed with the SEC (such as this Quarterly Report on Form 10-Q) has been appropriately recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Based on their evaluation of our disclosure controls and procedures as of March 31, 2021, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective at the reasonable assurance level.

Changes in Internal Control

We launched MARGENZA during the three months ended March 31, 2021. As a result, we made the following significant modifications to our internal controls over financial reporting:

- updated our policies and procedures related to product revenue and inventory and added documentation processes related to accounting for the new accounts;
- added internal controls over the accounting for product revenue and inventory; and
- added controls to address the related disclosures for product revenue and inventory.

Other than the items described above, there were no changes in our internal control over financial reporting during the three months ended March 31, 2021 that materially affected, or are reasonably likely to materially effect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, we are or may be involved in various legal or regulatory proceedings, claims or class actions related to alleged patent infringements and other intellectual property rights, or alleged violation of commercial, corporate, securities, labor and employment, and other matters incidental to our business. We do not, however, expect such legal proceedings to have a material adverse effect on our business, financial condition or results of operations. However, depending on the nature and timing of a given dispute, an eventual unfavorable resolution could materially affect our current or future results of operations or cash flows.

See note 9, Commitments and Contingencies, to the consolidated financial statements of this Quarterly Report on Form 10-Q for more information.

Item 1A. Risk Factors

There have been no material changes in the risk factors described in “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 6. Exhibits

3.1	Amended and Restated By-Laws of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-36112) filed on April 2, 2021)
10.1+	Employment Agreement between the Company and Stephen Eck, M.D.
31.1	Rule 13a-14(a) Certification of Principal Executive Officer
31.2	Rule 13a-14(a) Certification of Principal Financial Officer
32.1	Section 1350 Certification of Principal Executive Officer
32.2	Section 1350 Certification of Principal Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
104	Cover Page Interactive Data (formatted as Inline XBRL and contained in Exhibit 101 filed herewith)

+ Indicates management contract or compensatory plan.

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.

MACROGENICS, INC.

BY: /s/ Scott Koenig
Scott Koenig, M.D., Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

BY: /s/ James Karrels
James Karrels
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: April 29, 2021

Exhibit 10.1

EMPLOYMENT AGREEMENT

This Employment Agreement (the **"Agreement"**) is entered into as of July 1, 2020 (the **"Effective Date"**), by and between MacroGenics, Inc., a Delaware corporation, together with its successors and assigns (the **"Employer"** or **"Company"**), and Stephen L. Eck (**"Executive"**).

In consideration of the promises and the respective undertakings of Employer and Executive set forth below, Employer and Executive hereby agree as follows:

1. Employment. Employer hereby employs Executive, and Executive hereby accepts such employment and agrees to perform services for Employer, for the period and on the other terms and subject to the conditions set forth in this Agreement.

2. Employment at Will. Executive is employed "at-will" which means that Executive's employment is not for any defined term and may be terminated by either Executive or the Company at any time, with or without cause, for any or no reason, subject to the notice provisions herein.

3. Position and Duties.

3.01. Service with Employer. Employer hereby employs Executive in an executive capacity with the title of Chief Medical Officer & Sr. VP, Clinical Development **("Title")** reporting directly to the President and Chief Executive Officer **("CEO"),** and Executive hereby accepts such employment and undertakes and agrees to serve in such capacity. Subject to the overall policy directives of the Board of Directors (the **"Board"**), CEO, and applicable law, in Executive's capacity as, Chief Medical Officer Executive shall have such powers, perform such duties and fulfill such responsibilities as are typically associated with such position in other similarly situated companies.

3.02. Performance of Duties. Executive agrees to: (i) devote substantially all of Executive's business time, attention and efforts to the business and affairs of Employer while employed; and (ii) adhere to all Employer's written employment policies and procedures as shall be in force from time to time. Executive shall perform Executive's duties primarily at the Company's headquarters in Rockville, Maryland, but is expected to travel as Company business necessitates.

3.03. Outside Activities. During the term of Executive's employment with the Company pursuant to this Agreement, Executive shall not: (i) accept other employment; (ii) render or perform services for compensation to any Person (as hereinafter defined) other than Employer and its Affiliates (as defined below); (iii) serve as an officer or on the board of directors (or similar governing body) of any entity other than Employer or an Affiliate of Employer, whether or not for compensation; or (iv) engage in any other business enterprise or activity without prior approval from the CEO and Board of Directors. Executive may engage in personal investments without disclosure to or written approval from the Board provided (1) such investment is passive and Executive is not required or expected to, and does not, serve as a board member, advisor or consultant, (2) at all times Executive owns beneficially less than 5 % of the outstanding securities of any issuer, and (3) and such personal investment shall not otherwise interfere with Executive's performance of duties hereunder and/or the other provisions of this Agreement or any other of Executive's written agreements with Employer. Executive may engage in charitable and community activities without disclosure to or written approval from the Board provided such activities do not interfere with Executive's responsibilities, duties and obligations to Employer. Nothing herein is intended to limit or waive Executive's fiduciary duties.

3.04. Executive Representations. Executive represents that Executive is not subject to any restrictive covenant, confidentiality, or any other agreement that would interfere in any way with Executive's employment with Employer.

4. Compensation.

4.01. Base Salary. Employer shall pay to Executive an annual base salary for all services to be rendered by Executive under this Agreement (the **"Base Salary"**), which Base Salary shall be paid in accordance with Employer's normal payroll schedule, procedures and policies (which schedule, procedures and policies may be modified from time to time) and subject to applicable deductions as required by law. As of the date hereof, the Base Salary is $_480,000. Employer shall review Executive's salary on an annual basis and may, in its discretion, consider and declare from time to time increases in the Base Salary.

4.02. Annual Bonus. Executive shall also be eligible to receive, in addition to the Base Salary, an annual bonus (**"Bonus"**) having a target amount equal to a percent of Executive's Base Salary (**"Target Bonus"**). The Target Bonus will be determined by the Compensation Committee of the Board (the **"Compensation Committee"**) from time to time based on Executive's position and title. The actual dollar amount of any Bonus payable for any particular year will be determined by the Compensation Committee in its discretion taking into account the Company's performance and Executive's individual performance. In order to receive a Bonus, Executive must be employed by Employer on the date the Bonus is paid, except as set forth below in Section 5.03 or Section 5.04.

4.03. Participation in Benefit Plans. Executive shall be entitled to participate in all employee benefit plans or programs offered to other senior executives from time to time (to the extent that Executive meets the requirements for each such plan or program), including participation in any health insurance plan, disability insurance plan, dental plan, eye care plan, 401(k) plan, life insurance plan, or other similar plans (all such benefits, the **"Benefit Plans"**), in accordance with the terms and conditions of such Benefit Plans in effect from time to time.

4.04. Expenses. Employer shall reimburse Executive for all ordinary and necessary business expenses reasonably incurred by him in the performance of Executive's duties under this Agreement, subject to the presentment and approval of appropriate itemized expense statements, receipts, vouchers or other supporting documentation in accordance with Employer's normal policies for expense verification in effect from time to time.

4.05. Vacation. Executive shall be entitled to twenty (20) vacation days per calendar year, accruing in accordance with the Company's vacation policy. Executive may carry over up to a maximum of 200 hours of annual leave at any time, and any unused vacation time beyond that will be forfeited.

4.06. Total Compensation. Other than as may be approved by the Compensation Committee or Board, Executive shall not receive any other compensation or benefits from the Company other than as provided in this Agreement.

5. Termination and Payments Upon Termination.

5.01. Voluntary Resignation without Good Reason. Executive may terminate Executive's employment by providing Employer with 30 days' advance written notice. Employer may waive some or all of such notice period and accelerate the Termination Date, or request that Executive

not report to work for some of all such notice period notice, neither of which will be deemed a termination by Employer or a Good Reason event. If Executive terminates Executive's employment (other than for Good Reason (as defined below) or by reason of death or Disability (as defined below)): (i) Employer shall pay to Executive the Accrued Obligations (as defined below), (ii) Executive's participation in the Benefit Plans shall terminate as of the Termination Date, and (iii) Employer shall have no other obligations to Executive under this Agreement, other than those provided in this Section 5.01.

a) For purposes of this Agreement, **"Accrued Obligations"** means: (i) Executive's earned and unpaid Base Salary through the Termination Date; (ii) reimbursement for any reimbursable business expenses incurred by Executive through the Termination Date in accordance with Section 4.05; and (iii) Executive's accrued but unused vacation time as of the Termination Date. The amounts payable hereunder shall be paid no later than sixty (60) days following Executive's Termination Date.

b) For purposes of this Agreement, **"Termination Date"** means: the effective date of Executive's "separation from service" as defined in Section 409A of the Internal Revenue Code of 1986, as amended (the **"Code"**).

5.02. Termination by Employer For Cause. Employer may terminate Executive with or without Cause upon written notice to Executive. If Executive is terminated for Cause: (i) Employer shall pay to Executive the Accrued Obligations, (ii) Executive's participation in the Benefit Plans shall terminate as of the Termination Date, and (iii) Employer shall have no further obligations to Executive under this Agreement, other than those provided in this Section 5.02. For purposes of this Agreement, "Cause" means: (a) Executive's failure to substantially perform Executive's duties with the Company (if Executive has not cured such failure to substantially perform, if curable, within thirty (30) days after Executive's receipt of written notice thereof from the Board that specifies the conduct constituting Cause under this clause (a)); (b) Executive's willful misconduct, or gross negligence in the performance of Executive's duties hereunder; (c) the conviction of Executive, or the entering by Executive of a guilty plea or plea of no contest with respect to, any crime that constitutes a felony or involves fraud, dishonesty or moral turpitude; (d) Executive's commission of an act of fraud, embezzlement or misappropriation against the Company; (e) Executive's material breach of the fiduciary duty owed by Executive to Company; (f) Executive's engaging in any improper conduct (including conduct that occurred within ten (10) years prior to the date of this Agreement that has not been previously disclosed to the Company) that has or is likely to have an adverse economic or reputational impact on the Company; (g) Executive engaging in sexual or other harrasment in the workplace or with respect to any employees, consultants, customers, vendors or business relations of Employer and its Affiliates or violating any Company policies regarding harrasment; or (h) Executive's material breach of this Agreement (if Executive has not cured such breach, if curable, within thirty (30) days after Executive's receipt of written notice thereof from the Board that specifies the conduct constituting Cause under this clause (h)).

5.03. Termination by Employer Without Cause or by Executive for Good Reason. If Executive is terminated by Employer without Cause or by Executive for Good Reason: (i) Employer shall pay to Executive the Accrued Obligations, (ii) Executive shall be entitled to receive the Severance Benefits (as defined below in Section 5.05 and subject to the conditions described therein and in Section 5.06), (iii) Employer shall pay to Executive any earned, but unpaid, bonus obligation relating to the prior fiscal year payable at the same time as bonuses are paid to the senior management team (but not later than March 15 of the calendar year following the year for which the bonus is payable), and (iv) Employer shall have no further obligations to Executive under this Agreement, other than those provided in this

Section 5.03. Executive's rights to the Severance Benefits under this Agreement shall be in lieu of, and not in addition to, any severance under any other policy, plan or arrangement of Employer. For purposes of this Agreement, **"Good Reason"** means the occurrence of any of the following events (without Executive's consent):

i. a material adverse change in Executive's functions, duties, or responsibilities as Chief Medical Officer & SVP with the Company, which change would cause Executive's position to become one of materially lesser responsibility, importance, or scope;

ii. a material change in the geographic location at which Executive must perform services to the Company of 50 miles or more from the Company's headquarters in Rockville, Maryland (unless Executive is permitted to telecommute rather than work at the Company's new headquarters); or

iii. a material breach of this Agreement by the Company.

Notwithstanding the foregoing, (1) no such event shall constitute "Good Reason" unless (a) Executive shall have given written notice of such event to the Company within ninety (90) days after the initial occurrence thereof, (b) the Company shall have failed to cure the condition constituting Good Reason within thirty (30) days following the delivery of such notice (or such longer cure period as may be agreed upon by the parties), and (c) Executive terminates employment within thirty (30) days after expiration of such cure period, and (2) there shall not be "Good Reason" under clause (i) above if the Company puts Executive on a paid leave of absence or similar arrangement in order to investigate whether there has been a "Cause" event as long as the Board has determined in good faith that such investigation is warranted.

5.04. Termination by Employer due to Executive's Death or Disability. If Executive's employment is terminated by reason of death or Disability (as defined below): (i) Employer shall pay to Executive the Accrued Obligations, (ii) Employer shall pay to Executive any earned, but unpaid, bonus obligation relating to the prior fiscal year payable at the same time as bonuses are paid to the senior management team (but not later than March 15 of the calendar year following the year for which the bonus is payable), (iii) Executive's participation in the Benefit Plans shall terminate as of the Termination Date (except to the extent Executive is eligible for continued disability benefits under the applicable Employer plan), and (iv) Employer shall have no further obligations to Executive under this Agreement, other than those provided in this Section 5.04. For purposes of this Agreement, **"Disability"** means Executive being determined to be totally disabled by the Social Security Administration or Executive's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months.

5.05. Severance Benefits: **"Severance Benefits"** means:

a) The payment to Executive of the Severance Amount in substantially equal installments over one year (with the first payment commencing on the first payroll date that occurs at least 28 days following the Termination Date), in accordance with Employer's normal payroll practices (**"Severance Period"**). If the Executive's termination occurs as of or in the twelve (12) months following a Change of Control, then **"Severance Amount"** means (i) one year of Executive's then-current Base plus (ii) the Target Bonus multiplied by the Executive's

then-current Base Salary. If the Executive's termination occurs prior to, or more than twelve (12) months following, a Change of Control, then **"Severance Amount"** means one year of Executive's then-current Base Salary.

b) The continuation of Executive's participation in the Company's medical, dental, and vision benefit plans at the same premium cost to Executive as charged to Executive immediately prior to the Termination Date for a period of twelve (12) months immediately following the Termination Date, or if earlier, until Executive obtains other employment which provides the same type of benefit; *provided*, *however*, that (i) it is understood and agreed that such continued medical, dental and vision benefits may at the election of the Company be provided by Executive electing the continuation of such coverage pursuant to COBRA with the Company reimbursing Executive for COBRA premiums to the extent required so that Executive's premium cost for the coverage in effect for Executive prior to the Termination Date is substantially the same as immediately prior to the Termination Date, and (ii) if the Company determines, in its reasonable judgment, that providing medical, dental, and/or vision benefits in accordance with the preceding provisions of this Section 5.05(b) would result in a violation of applicable law, the imposition of any penalties under applicable law, or adverse tax consequences for participants covered by the Company's medical, dental, and/or vision plans, the Company may terminate such coverage (or reimbursement) with respect to Executive and instead pay to Executive taxable cash payments at the same time and in the same amounts as the Company would have paid as premiums (or as COBRA premium reimbursements) to provide such coverage.

c) If the Termination Date occurs upon or within one year after the occurrence of a Change in Control, each stock option granted by the Company to Executive that is outstanding as of the Termination Date and is not fully vested as of the date of the Termination Date shall, as of the date Executive provides the Company with the Irrevocable Release (as defined below) provided for in Section 5.06 (but only if the Irrevocable Release is provided within the 60 day period provided for by Section 5.06), become vested with respect to 100% of the shares with respect to which the stock option is not vested as of the Termination Date; provided, however that in no event shall any such option vest to the extent the option has expired prior to the date Executive provides the Company with the Irrevocable Release. For the avoidance of doubt, in the event that any of Executive's unvested stock options are to be terminated in connection with a Change of Control, Executive shall nonetheless be entitled to the accelerated vesting described in and subject to the conditions of this clause (c).

(1) For purposes of this Agreement, **"Change of Control"** means, and shall be deemed to have occurred, if:

a. any Person, excluding employee benefit plans of the Company or any of its Affiliates, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), which Rules shall apply for purposes of this clause (a) whether or not the Company is subject to the Exchange Act), directly or indirectly, of Company securities representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities ("Voting Power");

b. the Company consummates a merger, consolidation, share exchange, division or other reorganization or transaction of the Company (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the combined Voting Power immediately after such Fundamental Transaction of (i) the Company's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

c. the stockholders of the Company approve a plan of complete liquidation or windingup of the Company or the consummation of the sale or disposition (in one transaction or a series of transactions) of all or substantially all of the Company's assets; or

d. during any period of 24 consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of such period or whose appointment, election or nomination was previously so approved or recommended) cease for any reason to constitute at least a majority of the Board.

5.06 Required Delivery of Irrevocable Release; Compliance with Section 6 Obligations. Notwithstanding the provisions of Section 5.05, as a condition to entitlement to the Severance Benefits, Executive must provide to the Company an Irrevocable Release (as defined below) not later than the twenty-first (21st) day after the Date of Termination (or such later deadline as is specified by the Employer), and any statutory period pursuant to which Executive may revoke such release, as set forth in the Irrevocable Release, has lapsed without any such revocation. The Severance Benefits will not be paid or provided until the Irrevocable Release has been executed and delivered and the revocation period lapsed without revocation, and any Severance Benefits otherwise payable with respect to such waiting period shall be paid or provided with the first payment following the end of such waiting period. **"Irrevocable Release"** means a confidential separation agreement and release of claims, in form and substance substantially similar to the attached Exhibit A, that has been executed by Executive, delivered to the Company, and become irrevocable by Executive. In addition, in the event that Executive breaches the obligations under Section 6 at any time during the Severance Period, Executive will cease to be entitled to any further Severance Benefits.

6. Promises and Covenants Regarding Confidential Information and Goodwill; Inventions and Assignment; Restrictive Covenants.

6.01. Confidential Information and Goodwill. In consideration of Executive's promises and covenants contained in this Agreement, including Executive's promise and covenant not to disclose Confidential Information (as defined below), Employer will provide Executive with Confidential Information. In further consideration of Executive's promises and covenants contained in this Agreement, including Executive's promise and covenant to utilize the Goodwill (as defined below) exclusively for the benefit of Employer, Employer will allow Executive to receive Confidential Information concerning the Company's customers, labs, vendors and employees and, to the extent required to fulfill Executive's duties, the Company will permit Executive to represent the Company on its behalf with such persons. To the extent that Executive's duties involve sales or customer relations, the Company will permit Executive to utilize the Goodwill in Executive's sales efforts and will provide sales support to Executive similar to that which it provides to its sales representatives.

6.02. Duties. While employed by Company, Executive shall perform the duties required of Executive hereunder and shall devote Executive's best efforts and exclusive business time, energy and skill to performing such duties; not make any disparaging remarks regarding Company to any person with whom Company has business relations, including any employee or vendor of Company; use the Goodwill solely for the benefit of Company; and not interfere in such Goodwill.

6.03. Non-Disclosure Obligation. Executive will not at any time or in any manner, whether during or after the termination of employment, for any reason whatsoever (other than as required for the performance of Executive's authorized employment duties to Company), directly or indirectly disclose or make accessible to any person or entity (both commercial and non-commercial) any of the trade secrets, proprietary, technical and/or confidential business information concerning the Company and its affiliates ("**Confidential Information**"), including: its research and development activities, including results and insights; biological materials, products, designs, prototypes, methods, techniques, systems, processes, and technical specifications; inventions (whether patentable or not), show-how and know-how; potential or actual collaborations, partnerships or other arrangements with third parties; regulatory and marketing plans, proposals and strategies; pricing and costing policies; sales; customer and supplier lists and accounts; employee information; nonpublic financial information of the Company; or information received by the Company from others under an obligation of confidentiality. This restriction shall not apply to: (i) information that is in the public domain through no fault of the Executive; (ii) information approved for release by written authorization of the Company but only to the extent of such authorization; or (iii) information to the extent required by law or an order of any court, agency or proceeding to be disclosed, provided that the Executive shall provide the Company with prompt notice of such disclosure so that the Company may seek an appropriate protective order or other relief and the Executive shall cooperate with the Company in any efforts by the Company to obtain a protective order or any other appropriate remedy restricting the disclosure. In addition, under the U.S. Defend Trade Secrets Act (18 U.S.C. Section 1833(b)(1)), Executive will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Executive shall comply with Company's policies pertaining to the management and protection of Confidential Information, as may be updated from time to time.

6.04. Company Property. The Executive agrees that during Executive's employment with the Company, the Executive shall not use or permit to be used any Company Property (as hereinafter defined) otherwise than for the purpose of performing services pursuant to Executive's employment with the Company. The term **"Company Property"** shall include all Company Confidential

Information, notes, memoranda, files, reports, lists, agreements, records, drawings, sketches, designs, specifications, software programs, software codes, data, computers, network infrastructure, supplies, equipment (including lab equipment), assays, biological materials, cellular telephones and other devices, credit and/or calling cards, keys, access cards, all means of access to any account, database, or computer system of the Company (whether personal to the Executive or public, published or unpublished, standard or backdoor, including all account names, passwords, access codes, unique personal identification numbers, any code kept secret and any other means allowing employee access to Company data or documentation), documentation or other materials of any nature and in any form, whether written, printed, electronic or in digital format or otherwise, relating to any matter within the scope of the business or reasonably anticipated business of the Company and its affiliates or concerning any of its dealings or affairs and any other Company property in Executive's possession, custody or control. The Executive further agrees that Executive shall not, after the termination of Executive's employment with the Company, possess, use or permit others to possess or use any such Company Property. The Executive acknowledges and agrees that all Company Property shall be and remain the sole and exclusive property of the Company. At any time and from time to time upon the request of the Company, the Executive shall deliver immediately to the Company all or any part of the Company Property in Executive's possession, and all copies thereof (including electronic copies), specified by the Company in such request. In addition, immediately upon the termination of Executive's employment with the Company, the Executive shall deliver to the Company all Company Property in Executive's possession, and all copies thereof (including electronic copies). Upon request, Executive shall deliver to Company a signed certification stating that Executive has complied with the terms of this Section 6.04.

6.05. Assignment of Inventions.

a) The Executive expressly agrees to assign and does hereby assign to Company Executive's entire right, title, and interest in and to any designs, developments, trade secrets, technical specifications and technical data, methods, techniques, systems, processes, know-how and show-how, customer and supplier lists, marketing plans, pricing policies, inventions, concepts, ideas, works of authorship, expressions, discoveries, documentation, formulas, software, and improvements, derivatives, or modifications in any of the foregoing, (whether or not patentable or registerable under copyright, trademark or similar statutes, or subject to analogous protection) authored, created, made, conceived and/or reduced to practice, in whole or in part by the Executive, solely or jointly with others, during Executive's employment with the Company (or initiated during Executive's employment and substantially completed during the six (6) months following Executive's termination of employment for any reason), and which (i) relate to or arise out of Executive's employment with the Company or the business or reasonably anticipated business of the Company, (ii) are developed using the Company Property, or (iii) are based on or derived from the Company Confidential Information (collectively, "**Inventions**") together with all intellectual property rights in and to such Inventions throughout the world, in each case, free and clear of any liens and other encumbrances and without reservations of any kind. The Executive agrees that all Inventions consisting of copyrightable subject matter are "works made for hire" as defined in in the Copyright Act of 1976 (17 U.S.C. §101), as amended) and therefore the copyrights in such Inventions are solely owned by the Company. Executives waives any and all moral rights in or with respect to the Inventions that Executive may retain under law despite the foregoing assignment.

b) The Executive agrees that Executive will promptly disclose to the Company any and all Inventions, and that during the Executive's employment or at any time thereafter, upon request of the Company, the Executive will sign, execute and deliver any and all

documents or instruments, including applications, registrations, oaths, declarations, affidavits, invention assignments and copyright assignments, and will take any other action which the Company shall deem necessary to (i) procure or register trademark, copyright or patent rights with respect to Inventions, or to otherwise protect the Company's intellectual property and proprietary interests, (ii) enforce or defend Company's intellectual property rights in and to such Inventions, or (iii) perfect or demonstrate the Company's ownership of such Inventions and any intellectual property rights in and to such Inventions. The Company agrees to pay reasonable fees and expenses or other costs incurred by the Executive for any assistance rendered to the Company pursuant to this Section 6.05(b).

c) In the event the Company is unable, after reasonable effort, to secure the Executive's signature on any document required for the filing, prosecution or granting of an application (whether foreign or domestic) for patent, copyright or other analogous protection relating to the Inventions, whether because of the Executive's physical or mental incapacity, inability to locate Executive, failure of Executive to respond to reasonable requests or for any other reason whatsoever, the Executive hereby irrevocably designates and appoints the Company and its duly authorized officer and agent as the Executive's agent and attorney-in-fact (which designation and appointment is irrevocable and shall be deemed coupled with an interest and shall survive the Executive's death or incapacity), to act for and in the Executive's behalf and stead to execute and file any such documents and to do all other lawfully permitted acts to further the prosecution and issuance of patent, copyright or other analogous protection in the name of the Company with the same legal force and effect as if executed by the Executive.

d) The Executive's obligation to assign Inventions shall not apply to any invention that the Executive can demonstrate through contemporaneous written records: (i) was developed entirely on the Executive's own time and effort without using the Company's equipment, supplies, facilities, trade secrets or confidential information or other Company Property; (ii) does not relate to the business of the Company or to the Company's actual or anticipated research and development activities; and (iii) did not result from any work performed by the Executive for the Company. The obligations of the Executive under this Section 6.05 shall continue beyond the termination of the Executive's employment with respect to Inventions.

6.06. Pre-Existing Intellectual Property. Executive has attached hereto as Exhibit B a complete list of all existing inventions (including patents and patent applications) and works of authorship (including publications) to which Executive claims ownership (whether partial or in its entirety) as of the date of this agreement and which relate, directly or indirectly, to Company's existing or proposed business, products, or research and development activities (the "**Pre-Existing Intellectual Property**"). If no list is attached to this Agreement, Executive represents and warrants that there is no such Pre-Existing Intellectual Property. Executive will inform Company in writing, and obtain Company's express written permission, before incorporating any Pre-Existing Intellectual Property into any

Invention or otherwise utilizing such Pre-Existing Intellectual Property in the course of Executive's employment with the Company. To the extent any Invention includes, is based on, or is a derivative or improvement of, or cannot reasonably be made, used, imported, sold, reproduced, distributed, modified, adapted, displayed, performed or otherwise exploited without using or violating any Pre-Existing Intellectual Property or any other intellectual property rights that Executive owns or controls that have not been assigned hereunder, Executive hereby grants to Company a worldwide, royalty-free, fully paid-up, perpetual, irrevocable, transferable, non-exclusive right and license (with the right to

sublicense through multiple tiers) to exploit and exercise all such Pre-Existing Intellectual Property and other intellectual property rights in connection with such Invention.

6.07. Other Promises and Covenants.

a) During Executive's employment with Company and for a period of 12 months following termination of employment for any reason (the **"Non-Competition Period"**), Executive shall not either directly or indirectly, on Executive's own or another's behalf, engage in or assist others in any of the following activities (except on behalf of Company):

(1) (whether as principal, agent, partner or otherwise) engage in, own, manage, operate, control, finance, invest in, participate in, or otherwise carry on, or be employed by, associated with, or in any manner connected with, lend such Executive's name to, lend Executive's credit to, or render services or advice to a Competing Business anywhere in the Geographic Area;

(2) provide or develop any products, technology or services that are the same or Substantially Similar to the products, technology and services provided or developed by the Company or any of its Affiliates;

(3) induce or attempt to induce any customer, agent, supplier, licensee, or business relation of the Company or any of its Affiliates to cease doing business with the Company or any of its Affiliates, or in any way interfere with the relationship between any customer, supplier, licensee, or business relation of the Company or any of its Affiliates or the Goodwill of the Company; or

(4) on behalf of a Competing Business, solicit or attempt to solicit the business or patronage of any Person who is a customer or agent of the Company or any of its Affiliates, whether or not Executive had personal contact with such Person;

provided, *however*, that nothing set forth in this Section 6.06(a) shall prohibit Executive from owning, as a passive investment, not in excess of [five percent (5% in the aggregate of any class of capital stock of any corporation if such stock is publicly traded and listed on any national or regional stock exchange or reported on the Nasdaq Stock Market

b) During Executive's employment with Company and for a period of 12 months following termination of employment for any reason (the "**Non-Solicitation Period**"), Executive shall not either directly or indirectly, on Executive's own or another's behalf, engage in or assist others in any of the following activities:

(1) solicit, encourage, or take any other action which is intended to induce any employee, independent contractor or agent of the Company or any of its Affiliates to terminate employment or other business relationship with the Company or such Affiliate;

(2) in any way interfere in any manner with the employment or other business relationship between the Company and/or any of its Affiliates, on the one hand, and any employee, independent contractor or agent of the Company or such Affiliate, on the other hand; or

(3) employ, or otherwise engage as an employee, independent contractor or otherwise, any individual who was an employee or was otherwise affiliated with the Company or any of its Affiliates from the period beginning one year prior to Executive's last day of employment and continuing through the expiration of the Non-Solicitation Period.

6.08. Definitions. For purposes hereof:

a) ***"Affiliate"*** means, with respect to any Entity, any Entity that, directly or indirectly through one or more intermediaries, controls, is controlled by or under common control with, such Entity.

b) ***"Company Business"*** means the research, development, testing and/or marketing/sales of pharmaceutical products or processes that are, rely on, target or rely upon (a) monoclonal antibodies directed against HER2 or B7-H3, (b) any bi-specific or multi-specific antibody-based protein targeting any of the Company's product candidates that are in active clinical development (meaning that an IND has been filed and accepted by the FDA or EMA with respect to that product candidate and the Company is developing the protocol, enrolling sites or patients or analyzing patients with respect to a human clinical trial for such product candidate), or (c) any target or combination of targets that is the subject of pre-clinical research and for which the Company intends to file an IND for a product candidate with such specificity or specificities in the 24 months following Termination.

c) ***"Competing Business"*** means any other Entity engaged in the Company Business, other than the Company and its Affiliates.

d) ***"Entity"*** means and includes any person, partnership, association, corporation, limited liability company, trust, unincorporated organization or any other business entity or enterprise.

e) ***"Geographic Area"*** mean those states in which the Company or any of its Affiliates conducts business or in which its products are being sold or marketed at the time of the termination of Executive's employment.

f) ***"Goodwill"*** means the value of the relationships between the Company and its agents, customers, vendors, labs, and employees.

g) "***Person***" means any Entity or individual.

h) ***"Substantially Similar"*** means substantially similar in function or capability or otherwise competitive to the products or services being developed, manufactured or sold by the Company during and/or at the end of Executive's employment, or are marketed to substantially the same type of user or customer as that to which the products and services of the Company are marketed or proposed to be marketed.

6.09. Acknowledgements Regarding Other Promises and Covenants. With regard to the promises and covenants set forth herein, Executive acknowledges and agrees that:

a) the restrictions are ancillary to an otherwise enforceable agreement including the provisions of this Agreement regarding the disclosure, ownership and use of the Confidential Information and Goodwill of Company;

b) the limitations as to time, geographical area, and scope of activity to be restricted are reasonable and acceptable to Executive, and do not impose any greater restraint than is reasonably necessary to protect the Goodwill and other legitimate business interests of Company;

c) the performance by Executive, and the enforcement by Company, of such promises and covenants will cause no undue hardship on Executive; and

d) Executive will play a key business role for the Company in which Executive will have access to the Company's Confidential Information and Goodwill;

e) the time periods covered by the promises and covenants will not include any period(s) of violation of, or any period(s) of time required for litigation brought by Company to enforce any such promise or covenant, it being understood that the extension of time provided in this paragraph may not exceed two (2) years.

6.10. Duty to Give Notice of Agreement. During employment by Company and the period of any post-employment obligation applicable hereunder, Executive shall provide written notice to any prospective employer of Executive's obligations under this Agreement and shall provide to it a true copy of Section 6 of this Agreement before accepting employment with such prospective employer.

6.11. Independent Elements. The parties acknowledge that the promises and covenants contained in Section 6 above are essential independent elements of this Agreement and that, but for Executive agreeing to comply with them, Company would not employ Executive. Accordingly, the existence or assertion of any claim by Executive against Company, whether based on this Agreement or otherwise, shall not operate as a defense to Company's enforcement of the promises and covenants in Section 6. An alleged or actual breach of the Agreement by Company will not be a defense to enforcement of any such promise or covenant, or other obligations of Executive to Company. The promises and covenants in Section 6 will remain in full force and effect whether Executive is terminated by Company or voluntarily resigns.

6.12. Remedies for Breach of Agreement. Executive acknowledges that Executive's breach of any promise or covenant contained in Section 6 will result in irreparable injury to Company and that Company's remedies at law for such a breach will be inadequate. Accordingly, Executive agrees and consents that Company, in addition to all other remedies available at law and in equity, shall be entitled to both preliminary and permanent injunctions to prevent and/or halt a breach or threatened breach by Executive of any such promise or covenant, and Executive waives the requirement of the posting of any bond in connection with such injunctive relief. Executive further acknowledges and agrees that the promises and covenants contained in Section 6 are enforceable, reasonable, and valid.

7. Directors and Officers Insurance. The Company shall cause Executive to be covered under a director and officer's liability insurance policy that provides insurance coverage for Executive on substantially the same terms and conditions as the other senior executives of the Company.

8. Miscellaneous.

8.01. Governing Law; Arbitration

a) This Agreement is made under and shall be governed by and construed in accordance with the laws of Maryland, without regard to its conflicts of law principles.

b) With respect to claims by the Company against Executive related to Executive's threatened or actual breach of Section 6 of this Agreement, each Party hereby irrevocably agrees that all actions or proceedings concerning such disputes may be brought by the Company in (a) the United States District Court for the District of Maryland; or (b) in any court of the State of Maryland sitting in Montgomery County, provided that the United States District Court lacks subject matter jurisdiction over such action or proceeding. Executive consents to jurisdiction of and venue in the courts in the State of Maryland set forth in this Section, and hereby waives to the maximum extent permitted by applicable law any objection which Executive may have based on improper venue or *forum non conveniens*.

c) Except to the extent provided for in subsection (b) above, the Company and Executive agree that any claim, dispute or controversy arising under or in connection with this Agreement, or otherwise in connection with Executive's employment by the Company or termination of his employment (including any such claim, dispute or controversy arising under any federal, state or local statute, regulation or ordinance or any of the Company's employee benefit plans, policies or programs) shall be resolved solely and exclusively by binding, confidential, arbitration. The arbitration shall be held in Rockville, MD (or at such other location as shall be mutually agreed by the parties). The arbitration shall be conducted in accordance with the Commercial Rules of the American Arbitration Association (the **"AAA"**) in effect at the time of the arbitration, including the Expedited Procedures. All fees and expenses of the arbitration, including a transcript if either requests them, shall be borne equally by the parties. Each party is responsible for the fees and expenses of its own attorneys, experts, witnesses, and preparation and presentation of proofs and post-hearing briefs (unless the party prevails on a claim for which attorney's fees are recoverable under law). In rendering a decision, the arbitrator shall apply all legal principles and standards that would govern if the dispute were being heard in court. This includes the availability of all remedies that the parties could obtain in court. In addition, all statutes of limitation and defenses that would be applicable in court, will apply to the arbitration proceeding. The decision of the arbitrator shall be set forth in writing and be binding and conclusive on all parties. Any action to enforce or vacate the arbitrator's award shall be governed by the Federal Arbitration Act, if applicable, and otherwise by applicable state law. If either the Company or Executive improperly pursues any claim, dispute or controversy against the other in a proceeding other than the arbitration provided for herein, the responding party shall be entitled to dismissal or injunctive relief regarding such action and recovery of all costs, losses and attorney's fees related to such action.

8.02. Entire Agreement. This Agreement and the documents referenced herein contain the entire agreement of the parties relating to the employment of Executive by Employer and the ancillary matters discussed herein and supersedes all prior agreements, negotiations and understandings with respect to such matters, including any term sheet between the parties hereto with respect to such matters, and the parties hereto have made no agreements, representations or warranties relating to such employment or ancillary matters which are not set forth herein. To the extent that work product, intellectual property rights, Inventions, Company Property and/or Company

Confidential Information are owned by the Company on the date hereof as a result of prior agreement or under law, this Agreement shall not derogate such ownership.

8.03. Taxes and Withholding. All compensation and benefits will be subject to applicable taxes. Employer may withhold from any compensation and Benefits payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling or as authorized by Executive.

8.04. Golden Parachute Limit. Notwithstanding any other provision of this Agreement, in the event that any portion of the Severance Benefits or any other payment or benefit received or to be received by Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (collectively, the **"Total Benefits"**) would be subject to the excise tax imposed under Section 4999 of the Code (the **"Excise Tax"**), the Total Benefits shall be reduced to the extent necessary so that no portion of the Total Benefits is subject to the Excise Tax; provided, however, that no such reduction in the Total Benefits shall be made if by not making such reduction, Executive's Retained Amount (as hereinafter defined) would be more than ten percent (10%) greater than Executive's Retained Amount if the Total Benefits are so reduced. All determinations required to be made under this Section 8.04 shall be made by tax counsel selected by the Company and reasonably acceptable to Executive (**"Tax Counsel"**), which determinations shall be conclusive and binding on Executive and the Company absent manifest error. All fees and expenses of Tax Counsel shall be borne solely by the Company. Prior to any reduction in Executive's Total Benefits pursuant to this Section 8.04, Tax Counsel shall provide Executive and the Company with a report setting forth its calculations and containing related supporting information. In the event any such reduction is required, the Total Benefits shall be reduced in the following order: (i) the Severance Amount (in reverse order of payment), (iii) any other portion of the Total Benefits that are not subject to Section 409A of the Code (other than Total Benefits resulting from any accelerated vesting of equity awards), (iv) other Total Benefits that are subject to Section 409A of the Code in reverse order of payment, and (v) Total Benefits that are not subject to Section 409A and arise from any accelerated vesting of any equity awards. **"Retained Amount"** shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of the Total Benefits net of all federal, state and local taxes imposed on Executive with respect thereto.

8.05. Compliance With Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Code (including the exceptions thereto), to the extent applicable, and shall be interpreted accordingly, but nothing in this Agreement shall transfer liability for any tax, including under Section 409A of the Code, from Executive to the Company or any other Person. Notwithstanding anything to the contrary herein, for purposes of determining Executive's entitlement to the Severance Benefits under Section 5 hereof, (a) Executive's employment shall not be deemed to have terminated unless and until Executive incurs a "separation from service" as defined in Section 409A of the Code, and (b) the effective date of any termination or resignation of employment (or any similar term) shall be the effective date of Executive's separation from service. Reimbursement of any expenses provided for in this Agreement shall be made in accordance with the Company's policies (as applicable) with respect thereto as in effect from time to time, provided that, with respect to taxable reimbursements, no reimbursement shall be paid later than the end of calendar year following the year such expenses were incurred) and in no event shall (i) the amount of expenses eligible for reimbursement hereunder during a taxable year affect the expenses eligible for reimbursement in any other taxable year or (ii) the right to reimbursement be subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary herein, if a payment or benefit under this Agreement is due to a "separation from service" for purposes of the rules under Treas. Reg. § 1.409A-3(i)(2)

(payments to specified employees upon a separation from service) and Executive is determined to be a “specified employee” (as determined under Treas. Reg. § 1.409A-1(i)), such payment shall, to the extent necessary to comply with the requirements of Section 409A of the Code, be made on the later of (x) the date specified by the foregoing provisions of this Agreement or (y) the date that is six (6) months after the date of Executive’s separation from service (or, if earlier, the date of Executive’s death). Any installment payments that are delayed pursuant to the provisions of this section shall be accumulated and paid in a lump sum on the first day of the seventh month following Executive’s separation from service (or, if earlier, upon Executive’s death) and the remaining installment payments shall begin on such date in accordance with the schedule provided in this Agreement. To the extent permitted by Section 409A, each payment hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code. Notwithstanding anything to the contrary in Section 5, if the period during which the Executive has discretion to execute or revoke a release straddles two calendar years, the Company shall make the payments that are conditioned upon the release no earlier than January 1st of the second of such calendar years, regardless of which taxable year the Executive actually delivers the executed release to the Company.

8.06. Amendments. No amendment or modification of the terms of this Agreement shall be valid unless made in writing and signed by both Executive and Employer.

8.07. Severability; Reformation. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable Law but if any provision of this Agreement is held to be invalid, illegal or unenforceable under any applicable Law or rule, the validity, legality and enforceability of the other provisions of this Agreement will not be affected or impaired thereby. If any provision of this Agreement is found invalid, illegal or unenforceable because it is too broad in scope, too lengthy in duration or violates any law or regulation, it shall be reformed by limiting its scope, limiting its duration or construing it to avoid such violation (as the case may be) while giving the greatest effect to the intent of the parties as is legally permissible.

8.08. No Waiver. No waiver of any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the party against whom such waiver is sought to be enforced, and any such waiver shall be effective only in the specific instance and for the specific purpose for which given.

8.09. Assignment; No Third Party Beneficiary. This Agreement is a personal service contract, and shall not be assignable by Executive. This Agreement shall be assignable by Employer to any successor to the business of Employer, without the written consent of Executive; provided, however, that the assignee or transferee is the successor to all or substantially all of the business assets of Employer and such assignee or transferee expressly assumes all the obligations, duties, and liabilities of Employer set forth in this Agreement. Any purported assignment of this Agreement in violation of this Section 8.09 shall be null and void. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, and no other Person shall have any right, benefit or obligation hereunder.

8.10. Counterparts; Facsimile Signatures. This Agreement may be executed in separate counterparts, each of which will be an original and all of which taken together shall constitute one and the same agreement, and any party hereto may execute this Agreement by signing any such counterpart. A facsimile signature by any party on a counterpart of this Agreement shall be binding and effective for all purposes. Such party shall subsequently deliver to the other party an original, executed

copy of this Agreement; provided, however, that a failure of such party to deliver an original, executed copy shall not invalidate Executive's or its signature.

8.11. Notices. All notices and other communications relating to this Agreement will be in writing and will be deemed to have been given when personally delivered, three (3) days following mailing by certified or registered mail, return receipt requested, and one (1) Business Day following delivery to a reliable overnight courier or immediately following transmission by electronic facsimile. All notices to Employer shall be addressed and delivered to:

MacroGenics, Inc.
9704 Medical Center Drive
Rockville, MD 20850
Attn: Chief Executive Officer

or to such other address and facsimile number as designated by Employer in a written notice to Executive. All notices to Executive shall be addressed and delivered to:

Stephen Eck, M.D.
xxxxxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxxxxx

or to such other address and facsimile number as Executive has designated in a written notice to Employer.

8.12. Interpretation. The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. The words "include," "includes" and "including," when used in this Agreement, will be deemed to be followed by the phrase "but not limited to".

8.13. Cumulative Remedies. The rights and remedies of the parties hereunder are cumulative and not exclusive of any rights or remedies any party hereto may otherwise have.

8.14. Expenses Relating to this Agreement. Each party shall pay its or Executive's own expenses incident to the negotiation, preparation and execution of this Agreement.

[Remainder of the Page Intentionally Left Blank]

IN WITNESS WHEREOF, Executive and Employer have executed this Employment Agreement as of the date set forth in the first paragraph.

“EMPLOYER”

MacroGenics, Inc.

By:_____

Date:_____

“EXECUTIVE”

_____

Date:_____

EXHIBIT A

CONFIDENTIAL SEPARATION AGREEMENT AND GENERAL RELEASE

[REDACTED]

EXHIBIT B

LIST OF PRE-EXISTING INTELLECTUAL PROPERTY

[REDACTED]

EXHIBIT 31.1

I, Scott Koenig, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2021 of MacroGenics, 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 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 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.

/s/ Scott Koenig
Scott Koenig, M.D., Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Dated: April 29, 2021

EXHIBIT 31.2

I, James Karrels, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2021 of MacroGenics, 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 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 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.

/s/ James Karrels
James Karrels
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: April 29, 2021

EXHIBIT 32.1

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Scott Koenig, President and Chief Executive Officer (principal executive officer) of MacroGenics, Inc. (the Registrant), certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended March 31, 2021 of the Registrant (the Report), that:

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

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

/s/ Scott Koenig
Name: Scott Koenig, M.D., Ph.D.
Date: April 29, 2021

EXHIBIT 32.2

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, James Karrels, Senior Vice President and Chief Financial Officer (principal financial officer) of MacroGenics, Inc. (the Registrant), certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended March 31, 2021 of the Registrant (the Report), that:

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

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

/s/ James Karrels
Name: James Karrels
Date: April 29, 2021