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

FORM 10-Q

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

For the quarterly period ended September 30, 2024

OR

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

For the transition period from _____ to _____

Commission File Number: 001-36112

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 November 1, 2024, 62,763,448 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 fiscal year ended December 31, 2023 and "Part II, Item 1A. Risk Factors" of this Quarterly Report on Form 10-Q), could affect future performance and cause actual results to differ materially from those matters expressed in or implied by forward-looking statements:

- 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, enrollment of trials, 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 and the labeling for any approved products;
- 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 expectations regarding product candidates currently being developed by our collaborators;
- the expected closing of the sale of MARGENZA to TerSera Therapeutics, LLC, or TerSera, in the fourth quarter of 2024 and anticipated receipt of sales milestone payments in connection with the sale of MARGENZA to TerSera;
- the compromise of our or our third parties' information technology systems and resultant costs, disruptions in our operations or related impact on our reputation;
- 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 and our expectations regarding the outcome of any regulatory or legal proceedings;
- 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;
- our failure to maintain effective internal controls; and
- the impact of legislative and regulatory developments, public health crises, geopolitical tensions or other macroeconomic factors on our business, operations, clinical programs, manufacturing, financial results and other aspects of our business.

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)

	September 30, 2024 (unaudited)	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 179,625	$ 100,956
Marketable securities	20,738	128,849
Accounts receivable	8,750	10,367
Inventory, net	3,244	1,221
Prepaid expenses and other current assets	9,839	9,946
Total current assets	222,196	251,339
Property, equipment and software, net	19,100	21,847
Operating lease right-of-use assets	22,011	23,846
Other non current assets	1,185	1,386
Total assets	$ 264,492	$ 298,418
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 6,613	$ 6,443
Accrued expenses and other current liabilities	24,644	24,239
Deferred revenue	23,308	21,651
Lease liabilities	4,744	3,775
Total current liabilities	59,309	56,108
Deferred revenue, net of current portion	55,503	59,243
Lease liabilities, net of current portion	29,356	30,196
Other non current liabilities	258	258
Total liabilities	144,426	145,805
Stockholders' equity:		
Common stock, $0.01 par value -- 125,000,000 shares authorized, 62,763,120 and 62,070,627 shares outstanding at September 30, 2024 and December 31, 2023, respectively	627	621
Additional paid-in capital	1,273,722	1,254,750
Accumulated other comprehensive income (loss)	14	(6)
Accumulated deficit	(1,154,297)	(1,102,752)
Total stockholders' equity	120,066	152,613
Total liabilities and stockholders' equity	$ 264,492	$ 298,418

See notes to consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Collaborative and other agreements	$ 101,408	$ 895	$ 105,180	$ 24,024
Product sales, net	4,161	4,695	14,270	13,247
Contract manufacturing	4,573	4,462	9,742	9,664
Government agreements	566	345	1,417	1,094
Total revenues	110,708	10,397	130,609	48,029
Costs and expenses:				
Cost of product sales	168	85	614	456
Cost of manufacturing services	1,702	3,274	6,195	7,603
Research and development	40,543	30,131	138,304	119,232
Selling, general and administrative	14,104	12,409	43,237	39,628
Total costs and expenses	56,517	45,899	188,350	166,919
Income (loss) from operations	54,191	(35,502)	(57,741)	(118,890)
Gain on royalty monetization arrangement	—	50,000	—	150,930
Interest and other income	2,118	3,056	7,335	6,404
Interest and other expense	—	—	(1,139)	(1,430)
Net income (loss)	56,309	17,554	(51,545)	37,014
Other comprehensive income (loss):				
Unrealized gain (loss) on investments	38	38	20	(30)
Comprehensive income (loss)	$ 56,347	$ 17,592	$ (51,525)	$ 36,984
Net income (loss) per common share:				
Basic	$ 0.90	$ 0.28	$ (0.82)	$ 0.60
Diluted	$ 0.90	$ 0.28	$ (0.82)	$ 0.60
Weighted average common shares outstanding:				
Basic	62,744,005	61,980,680	62,566,723	61,890,824
Diluted	62,865,841	62,244,602	62,566,723	62,090,343

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, 2023	62,070,627	$ 621	$ 1,254,750	$ (1,102,752)	$ (6)	$ 152,613
Share-based compensation	—	—	5,512	—	—	5,512
Stock plan related activity	489,875	5	243	—	—	248
Unrealized loss on investments	—	—	—	—	(29)	(29)
Net loss	—	—	—	(52,190)	—	(52,190)
Balance, March 31, 2024	62,560,502	626 —	1,260,505	(1,154,942)	(35)	106,154
Share-based compensation	—	—	6,693	—	—	6,693
Stock plan related activity	160,467	1	624	—	—	625
Unrealized gain on investments	—	—	—	—	11	11
Net loss	—	—	—	(55,664)	—	(55,664)
Balance, June 30, 2024	62,720,969	627	1,267,822	(1,210,606)	(24)	57,819
Share-based compensation	—	—	5,969	—	—	5,969
Stock plan related activity	42,151	—	(69)	—	—	(69)
Unrealized gain on investments	—	—	—	—	38	38
Net income	—	—	—	56,309	—	56,309
Balance, September 30, 2024	62,763,120	$ 627	$ 1,273,722	$ (1,154,297)	$ 14	$ 120,066

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2022	61,701,467	$ 617	$ 1,235,095	$ (1,093,694)	$ (5)	$ 142,013
Share-based compensation	—	—	4,788	—	—	4,788
Issuance of common stock, net of offering costs	95,000	1	616	—	—	617
Stock plan related activity	42,098	—	(154)	—	—	(154)
Unrealized gain on investments	—	—	—	—	13	13
Net loss	—	—	—	(38,009)	—	(38,009)
Balance, March 31, 2023	61,838,565	618	1,240,345	(1,131,703)	8	109,268
Share-based compensation	—	—	4,436	—	—	4,436
Issuance of common stock, net of offering costs	36,135	—	235	—	—	235
Stock plan related activity	63,793	1	215	—	—	216
Unrealized loss on investments	—	—	—	—	(80)	(80)
Net income	—	—	—	57,469	—	57,469
Balance, June 30, 2023	61,938,493	619	1,245,231	(1,074,234)	(72)	171,544
Share-based compensation	—	—	4,746	—	—	4,746
Issuance of common stock, net of offering costs	36,135	—	187	—	—	187
Stock plan related activity	54,276	1	(90)	—	—	(89)
Unrealized gain on investments	—	—	—	—	38	38
Net income	—	—	—	17,554	—	17,554
Balance, September 30, 2023	62,028,904	$ 620	$ 1,250,074	$ (1,056,680)	$ (34)	$ 193,980

See notes to consolidated financial statements.

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

	Nine Months Ended September 30,	
	2024	**2023**
Cash flows from operating activities		
Net income (loss)	$ (51,545)	$ 37,014
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization expense	5,487	7,745
Amortization of premiums and discounts on marketable securities	(2,625)	(3,276)
Stock-based compensation	18,174	14,014
Gain on royalty monetization arrangement	—	(150,930)
Non-cash interest expense	—	1,430
Non-cash lease expense	1,835	2,703
Other non-cash items	2	423
(Gain) loss on disposal of assets	(57)	111
Changes in operating assets and liabilities:		
Accounts receivable	1,616	30,911
Inventory	(2,023)	385
Prepaid expenses and other current assets	108	1,651
Other non current assets	200	(7)
Accounts payable	170	(1,607)
Accrued expenses and other current liabilities	648	(3,388)
Lease liabilities	128	(723)
Deferred revenue	(2,084)	13,376
Net cash used in operating activities	(29,966)	(50,168)
Cash flows from investing activities		
Purchases of marketable securities	(63,394)	(217,216)
Proceeds from sale and maturities of marketable securities	174,150	99,390
Purchases of property, equipment and software	(3,086)	(1,144)
Proceeds from sales of equipment	160	64
Net cash provided by (used in) investing activities	107,830	(118,906)
Cash flows from financing activities		
Proceeds from issuance of common stock, net of offering costs	—	616
Proceeds from stock option exercises and ESPP purchases	3,276	279
Taxes paid related to net share settlement of equity awards	(2,471)	(306)
Principal payments on royalty monetization arrangement	—	(156)
Net proceeds from sale of future royalties	—	149,655
Net cash provided by financing activities	805	150,088
Net change in cash and cash equivalents	78,669	(18,986)
Cash and cash equivalents at beginning of period	100,956	108,884
Cash and cash equivalents at end of period	$ 179,625	$ 89,898
Supplemental Cash Flow Information		
Property, equipment and software included in accounts payable or accruals	$ —	$ 166

See notes to consolidated financial statements.

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 discovering, developing, manufacturing and commercializing innovative antibody-based therapeutics for the treatment of cancer. The Company has a pipeline of product candidates designed to target either various tumor-associated antigens or immune checkpoint molecules. These candidates are being evaluated in clinical trials sponsored by the Company or its collaborators or are in preclinical development. The Company's clinical product candidates include multiple oncology programs which have either been created using its proprietary, antibody-based technology platforms or enabled through its technology licensing arrangements with other companies. The Company believes its product candidates have the potential, if approved for marketing by regulatory authorities, to have a meaningful effect on treating patients' unmet medical needs as monotherapy or, in some cases, in combination with other therapeutic agents. To date, three products originating from the Company's pipeline of proprietary or partnered product candidates have received U.S. Food and Drug Administration (FDA) approval. In March 2021, the Company and its commercialization partner commenced U.S. marketing of MARGENZA (margetuximab-cmkb), a human epidermal growth factor receptor 2 (HER2) 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. In November 2022, the FDA approved TZIELD® (teplizumab-mzwv) to delay the onset of Stage 3 Type 1 Diabetes (T1D) in adult and pediatric patients aged 8 years and older with Stage 2 T1D. Teplizumab was acquired from the Company by Provention Bio, Inc. (Provention) in May 2018, pursuant to an asset purchase agreement. In March 2023, the FDA approved ZYNYZ®(retifanlimab-dlwr), a humanized monoclonal antibody targeting programmed death receptor-1 (PD-1). Retifanlimab was previously developed by the Company and licensed to Incyte Corporation (Incyte) pursuant to an exclusive global collaboration and license agreement in October 2017.

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.

The future success of the Company is dependent on its ability to identify and develop its product candidates, and ultimately upon its ability to attain profitable operations. The Company has devoted substantially all of its financial resources and efforts to research and development and general and administrative expense to support such research and development. Net losses and negative cash flows have had, and will continue to have, an adverse effect on the Company's stockholders' equity and working capital, and accordingly, its ability to execute its future operating plans.

As a biotechnology company, the Company has primarily funded its operations with proceeds from the sale of its common stock in equity offerings and revenue from its multiple collaboration agreements. 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. The Company plans to meet its future operating requirements by generating revenue from current and future strategic collaborations or other arrangements and royalties. The Company anticipates continuing to draw upon available sources of capital, including equity and debt instruments, to support its product development activities. 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, reduce other operating expenses, and/or downsize its organization. Based on the Company's most recent cash flow forecast, the Company believes its current resources are sufficient to fund its operating plans for a minimum of twelve months from the date that this Quarterly Report on Form 10-Q was filed.

Similar to the other risk factors pertinent to the Company's business, including significant equity market volatility and availability of funding in the biotechnology sector, as well as potential issues in the global economy, credit markets and financial markets as a result of significant worldwide events, including adverse events involving financial institutions or the financial services industry, inflation and geopolitical upheaval 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 these uncertainties, the Company will continue to evaluate the nature and extent of the impact of these uncertainties 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 Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission (SEC) on March 7, 2024.

2. Summary of Significant Accounting Policies

During the nine months ended September 30, 2024, there were no material changes to the significant accounting policies previously disclosed in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,* which is intended to improve reportable segment disclosures, primarily through enhanced disclosures about significant segment expenses, as well as how the chief operating decision maker uses the reported measure(s) of segment profit or loss in assessing performance. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The guidance is to be applied retrospectively to all periods presented in the financial statements. The Company is currently evaluating the potential impact of adopting this new guidance on its consolidated financial statements and disclosures.

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) Topic 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. There were no transfers between levels during the periods presented.

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

	Fair Value Measurements at September 30, 2024		
	Total	Level 1	Level 2
Assets:			
Money market funds	$ 80,357	$ 80,357	$ —
Government-sponsored enterprises	9,597	—	9,597
Corporate debt securities	11,141	—	11,141
Total assets measured at fair value[(a)]	$ 101,095	$ 80,357	$ 20,738

	Fair Value Measurements at December 31, 2023		
	Total	Level 1	Level 2
Assets:			
Money market funds	$ 91,665	$ 91,665	$ —
U.S. Treasury securities	31,179	—	31,179
Government-sponsored enterprises	45,043	—	45,043
Corporate debt securities	52,627	—	52,627
Total assets measured at fair value[(b)]	$ 220,514	$ 91,665	$ 128,849

(a) Total assets measured at fair value at September 30, 2024 includes approximately $80.4 million reported in cash and cash equivalents on the consolidated balance sheet.

(b) Total assets measured at fair value at December 31, 2023 includes approximately $91.7 million reported in cash and cash equivalents on the consolidated balance sheet.

4. Marketable Securities

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

	September 30, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Government-sponsored enterprises	9,594	3	—	9,597
Corporate debt securities	11,130	11	—	11,141
Total	$ 20,724	$ 14	$ —	$ 20,738

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$ 31,177	$ 4	$ (2)	$ 31,179
Government-sponsored enterprises	45,041	7	(5)	45,043
Corporate debt securities	52,637	5	(15)	52,627
Total	$ 128,855	$ 16	$ (22)	$ 128,849

All available-for-sale marketable debt securities held as of September 30, 2024 and December 31, 2023 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 December 31, 2023 were in a loss position for less than twelve months. Unrealized losses on available-for-sale debt securities as of December 31, 2023 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. The Company does not intend to sell its

investments and it is not more likely than not that the Company will be required to sell its investments before recovery of their amortized cost bases, which may be at maturity.

5. Inventory, Net

All of the Company's inventory relates to the manufacturing of MARGENZA. The following table sets forth the Company's net inventory (in thousands):

	September 30, 2024	December 31, 2023
Work in process	$ 2,189	$ 261
Finished goods	1,055	960
Total inventory, net	$ 3,244	$ 1,221

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. As of September 30, 2024, there was no reserve for unsaleable inventory. The inventory balance as of December 31, 2023 is net of a reserve of $3.1 million for unsaleable inventory. These reserves are reflected in cost of product sales during the period they are recorded.

6. Stockholders' Equity

In March 2023, the Company entered into a sales agreement (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. No shares were sold under the ATM offering during the nine months ended September 30, 2024. During the nine months ended September 30, 2023, the Company sold 95,000 shares of common stock at a weighted average price per share of $6.60, resulting in net proceeds of approximately $0.6 million, net of offering expenses.

7. Revenue

Collaborative and Other Agreements

Incyte Corporation

Incyte License Agreement

In 2017, the Company entered into an exclusive global collaboration and license agreement with Incyte, which was amended in March 2018, April 2022, July 2022 and July 2024, for retifanlimab, an investigational monoclonal antibody that inhibits 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. The Company manufactures a portion of Incyte’s global commercial supply of retifanlimab. In March 2023, the FDA approved Incyte's Biologics License Application (BLA) for ZYNYZ (retifanlimab-dlwr) for the treatment of adults with metastatic or recurrent locally advanced Merkel cell carcinoma. Incyte has stated it is pursuing development of retifanlimab in potentially registration-enabling studies, including in patients with squamous cell carcinoma of the anal canal, MSI-high endometrial cancer and non-small cell lung cancer. Incyte is also pursuing development of retifanlimab in combination with multiple product candidates from its pipeline.

Under the terms of the Incyte License Agreement, as amended, Incyte will lead global development of retifanlimab. From the inception of the Incyte License Agreement through September 30, 2024, the Company has recognized $215.0 million for certain development and regulatory milestones under the Incyte License Agreement, including $100.0 million received in August 2024 upon entering into an amendment to the Incyte License Agreement pursuant to which certain development milestones were deemed to have been met. Assuming successful development and commercialization by Incyte in multiple indications, the Company is eligible to receive up to an additional $210.0 million in development and regulatory milestones and up to $330.0 million in commercial milestones. The Company is also eligible to receive tiered royalties of 15% to 24% on 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 the provisions of ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606) at inception 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. In July 2024, the Company and Incyte executed Amendment No. 4 to the Incyte License Agreement pursuant to which certain development milestones were deemed to have been met. The Company evaluated the amendment as a contract modification under the provisions of ASC 606 which resulted in $100.0 million of revenue being recognized during the three months ended September 30, 2024. From 2018 through September 30, 2024, it became probable that a significant reversal of cumulative revenue would not occur for development milestones totaling $215.0 million related to clinical and regulatory activities related to the further advancement of retifanlimab. Therefore, the associated consideration was added to the estimated transaction price and was recognized as revenue.

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 during 2017 and 2018. The Company recognized $0.1 million and $0.3 million in revenue under the Incyte License Agreement during the three and nine months ended September 30, 2024, respectively. The Company recognized the $15.0 million ZYNYZ approval milestone as revenue under the Incyte License Agreement during the nine months ended September 30, 2023.

Incyte Clinical Supply Agreement

In 2018, the Company entered into an agreement with Incyte, 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 Incyte Clinical Supply 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 is being recognized using the input method reflecting the costs incurred (including resources consumed and labor hours expended) related to the manufacturing services. The Company recognized a de minimis amount of revenue during the three months ended September 30, 2024 and revenue of $0.2 million during the three months ended September 30, 2023 for services performed under the Incyte Clinical Supply Agreement. During the nine months ended September 30, 2024 and 2023, the Company recognized revenue of $0.1 million and $1.7 million, respectively, for services performed under the Incyte Clinical Supply Agreement.

Incyte Commercial Supply Agreement

In 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 is being recognized using the input method reflecting the costs incurred (including resources consumed and labor costs

incurred) related to the manufacturing services. During the three months ended September 30, 2024 and 2023, the Company recognized revenue of $0.5 million and $0.1 million, respectively, for services performed under the Incyte Commercial Supply Agreement. During the nine months ended September 30, 2024 and 2023, the Company recognized revenue of $1.4 million and $0.3 million, respectively, for services performed under the Incyte Commercial Supply Agreement.

Gilead Sciences, Inc

In 2022, the Company and Gilead Sciences, Inc. (Gilead) entered into an exclusive option and collaboration agreement (Gilead Agreement) to develop and commercialize MGD024, an investigational, bispecific antibody that binds CD123 and CD3, and create bispecific cancer antibodies using the Company's DART platform and undertake their early development under a maximum of two separate bispecific cancer target research programs. Under the agreement, the Company will continue the ongoing phase 1 trial for MGD024 according to a development plan, during which Gilead will have the right to exercise an option granted to Gilead to obtain an exclusive license under the Company's intellectual property to develop and commercialize MGD024 and other bispecific antibodies of MacroGenics that bind CD123 and CD3 (CD123 Option). The agreement also granted Gilead the right, within its first two years, to nominate a bispecific cancer target set for up to two research programs conducted by the Company and to exercise separate options to obtain an exclusive license for the development, commercialization and exploitation of molecules created under each research program (Research Program Option). Gilead nominated the first of the two research programs in September 2023. In January 2024, the parties amended the Gilead Agreement to revise certain matters related to intellectual property in the performance of the research plans under the agreement. On August 30, 2024, the parties amended the agreement by entering into a second letter agreement under which Gilead will pay the Company to conduct certain research and which extends the period for Gilead to select its second research target combination.

Under the terms of the Gilead Agreement, as amended, in October 2022 Gilead paid the Company an upfront payment of $60.0 million. Assuming Gilead exercises the CD123 Option and Research Program Option and successfully develops and commercializes MGD024, or other CD123 products developed under the agreement, and products result from the two additional research programs, the Company would be eligible to receive up to $1.7 billion in target nomination, option fees, and development, regulatory and commercial milestones. Assuming exercise of the CD123 Option, the Company will also be eligible to receive tiered, low double-digit royalties on worldwide net sales of MGD024 (or other CD123 products developed under the agreement) and assuming exercise of the Research Program Option, a flat royalty on worldwide net sales of any products resulting from the two research programs.

The Company evaluated the Gilead Agreement under the provisions of ASC 606 and identified the following material promises under the agreement: (i) a license to perform any activities allocated to Gilead under the MGD024 development plan; (ii) development activities regarding MGD024, including manufacturing, research and early clinical development activities, necessary to deliver an informational package of development and clinical data, information and materials specified in the Gilead Agreement during the period in which Gilead can exercise the CD123 Option; (iii) the CD123 Option and (iv) the Research Program Option.

The Company concluded that the license under the MGD024 development plan and development activities are not distinct from one another, as the license has limited value without the Company's performance of the development activities. Therefore, the Company determined that the development term license and development activities should be combined into a single performance obligation (Development Activities). The CD123 Option is considered a material right as the value of the exclusive license exceeds the payment to be made by Gilead if they exercise their option to obtain an exclusive license to develop and commercialize MGD024 or an alternative CD123 product, and is therefore a distinct performance obligation. The Company determined that the Research Program Option does not provide a material right, as there is no discount on its standalone selling price.

In accordance with ASC 606, the Company determined that the initial transaction price under the Gilead Agreement was $60.0 million, consisting of the upfront, non-refundable payment paid by Gilead. The CD123 Option and Research Program Option payments are excluded from the initial transaction price at contract inception along with any future development, regulatory, and commercial milestone payments (including royalties) following the CD123 Option and Research Program Option exercise. The Company reassesses the amount of variable consideration included in the transaction price every reporting period. The Company allocated the $60.0 million upfront payment in the transaction price to the Development Activities and the CD123 Option based on each performance obligation's relative standalone selling price. The standalone selling price for the Development Activities was calculated using an expected cost-plus margin approach for the pre-option development timeline. For the standalone selling price of the CD123 Option, the Company utilized an income-based approach which included the following key assumptions: post-option development timeline and costs, forecasted revenues, discount rates and probabilities of technical and regulatory success.

The Company is recognizing revenue related to the Development Activities performance obligation over the estimated period to complete the Development Activities using an input method reflecting the costs incurred (including resources consumed and labor hours expended) related to the Development Activities. The Company deferred revenue recognition related to the CD123 Option. If Gilead exercises the CD123 Option and obtains an exclusive license, the Company will recognize revenue as it fulfills its obligations under the Gilead Agreement. If the CD123 Option is not exercised, the Company will recognize the entirety of the revenue in the period when the CD123 Option expires.

During each of the three month periods ended September 30, 2024 and 2023, the Company recorded revenue of $0.4 million related to the Gilead Agreement. During the nine months ended September 30, 2024 and 2023, the Company recorded revenue of $0.9 million and $1.0 million, respectively, related to the Gilead Agreement. As of September 30, 2024, $57.4 million in revenue was deferred under this agreement, $1.9 million of which was current and $55.5 million of which was non-current. As of December 31, 2023, $58.3 million in revenue was deferred under this agreement, $2.2 million of which was current and $56.1 million of which was non-current.

In September 2023, the Company and Gilead executed a Letter Agreement through which Gilead nominated the first of the two research programs contemplated in the Gilead Agreement (First Research Program), the Company granted Gilead a research license, and the parties agreed on a research plan for the First Research Program under which the Company will provide research and development services. Gilead paid the Company a $15.7 million nomination fee. The Company evaluated the Letter Agreement under the terms of ASC 606, and concluded that it is a modification to the Gilead Agreement that results in a separate contract since the modification is for additional goods and services that are distinct and at standalone selling price. 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 these should be combined into a single performance obligation. Gilead also has the exclusive option to pay the Company $10.0 million to obtain a license to exploit the research molecule and research product with respect to the First Research Program. The Company determined that this exclusive option does not provide a material right, as there is no discount on its standalone selling price.

In accordance with ASC 606, the Company determined that the initial transaction price for the First Research Program agreement was $15.7 million, consisting of the non-refundable payment paid by Gilead. The Company is recognizing revenue over the estimated period to complete the services using the input method reflecting the costs incurred (including resources consumed and labor hours expended) related to the research and development services. In June 2024, the Company received variable consideration totaling $3.3 million from Gilead upon achievement of a research plan milestone. The variable consideration was added to the transaction price and allocated to the performance obligation to determine the amount of related revenue to be recognized. A proportional amount was recognized based on the input cost to cost measurement of work completed to date.

During the three months ended September 30, 2024 and 2023, the Company recorded revenue of $0.4 million and $0.1 million, respectively, related to the First Research Program. During the nine months ended September 30, 2024 and 2023, the Company recorded revenue of $2.4 million and $0.1 million, respectively, related to the First Research Program. As of September 30, 2024, $16.4 million in revenue was deferred under this agreement, all of which was current. As of December 31, 2023, $14.9 million in revenue was deferred under this agreement, $11.8 million of which was current and $3.1 million of which was non-current.

Manufacturing Services Agreement

Incyte

In January 2022, the Company entered into a Manufacturing and Clinical Supply Agreement with Incyte (Incyte Manufacturing and Clinical Supply Agreement) to provide manufacturing services to produce certain Incyte bulk drug substance over a three-year period. Under the terms of the Incyte Manufacturing and Clinical Supply Agreement, the Company received an upfront payment of $10.0 million and was eligible to receive annual fixed payments paid quarterly over the term of the contract totaling $14.4 million. The Company will also be reimbursed for materials used to manufacture product as well as other costs incurred to provide manufacturing services. In July 2022, the Company and Incyte executed an amendment to the Incyte Manufacturing and Clinical Supply Agreement which extended the term for one year and provided for an additional annual fixed payment of $5.1 million (July 2022 Incyte Amendment).

The Company evaluated the Incyte Manufacturing and Clinical Supply Agreement and the July 2022 Incyte Amendment under the provisions of ASC 606 and identified one performance obligation to provide manufacturing runs to Incyte, as and when requested by Incyte, over the term of the contract that is part of a series of goods and services. The Company determined that the transaction price consists of the upfront payment of $10.0 million and the annual fixed payments

totaling $19.5 million. The Company will recognize revenue over time on a straight-line basis as the manufacturing services are provided to Incyte, as the Company determined that its efforts in providing the manufacturing services will be incurred evenly throughout the performance period and therefore straight-line revenue recognition closely approximates the level of effort for the manufacturing services. Variable consideration relating to the reimbursed materials and other reimbursed costs incurred to manufacture product for Incyte will be allocated to the related manufacturing activities and will be recognized as revenue as those activities occur. Materials purchased by the Company to manufacture the product for Incyte are considered costs to fulfill a contract and will be capitalized and expensed as the materials are used to provide the manufacturing services.

During the three months ended September 30, 2024 and 2023, the Company recognized revenue of $3.8 million and $4.5 million, respectively, under the Incyte Manufacturing and Clinical Supply Agreement. During the nine months ended September 30, 2024 and 2023, the Company recognized revenue of $8.1 million and $9.6 million, respectively, under the Incyte Manufacturing and Clinical Supply Agreement. As of September 30, 2024, $4.6 million in revenue was deferred under this agreement, all of which was current. As of December 31, 2023, $7.0 million in revenue was deferred under this agreement, all of which was current.

Government Agreement

NIAID Contract

The Company entered into a contract with the 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, MGD014 and MGD020 (NIAID Contract). Under the NIAID Contract, the Company developed 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.

Since the inception of the NIAID Contract, NIAID has exercised the two options contemplated in the original contract and executed modifications such that the total funded contract value as of September 30, 2024 is $25.1 million. In addition, the most recent modification changed the period of performance under the NIAID Contract to end in October 2024. During the three months ended September 30, 2024 and 2023, the Company recorded revenue under the NIAID contract of $0.6 million and $0.3 million, respectively. During the nine months ended September 30, 2024 and 2023, the Company recorded revenue under the NIAID Contract of $1.4 million and $1.1 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 nine months ended September 30, 2024, 44,129 shares of common stock were purchased under the 2016 ESPP.

Employee Stock Incentive Plans

In October 2013, the Company implemented the 2013 Equity Incentive Plan (2013 Plan). In May 2023, the 2013 Plan was terminated, and no further awards may be issued under the plan. If an option granted under the 2013 Plan 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 will become available for issuance under the 2023 Equity Incentive Plan (2023 Plan).

The 2023 Plan was effective as of stockholder approval in May 2023. The 2023 Plan provides for grants of stock options and other stock-based awards, as well as cash-based performance awards. The 2023 Plan authorized the issuance of up to an aggregate of 4,850,000 shares of common stock. In May 2024, the board and stockholders of the Company approved an amendment to the 2023 Plan to increase the number of shares of common stock available for issuance thereunder by 2,000,000 shares. Accordingly, the maximum number of shares of common stock authorized for issuance under the 2023 Plan has been increased to 6,850,000 shares. 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.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Research and development	$ 2,940	$ 2,335	$ 9,033	$ 6,996
Selling, general and administrative	3,030	2,455	9,141	7,018
Total stock-based compensation expense	$ 5,970	$ 4,790	$ 18,174	$ 14,014

Employee stock options

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:

	Nine Months Ended September 30,	
	2024	2023
Expected dividend yield	0%	0%
Expected volatility	94.9% -115.7%	76.1% - 94.9%
Risk-free interest rate	3.5% - 4.7%	3.5% - 4.4%
Expected term	6.06 years	5.88 years

The following table summarizes stock option activity during the nine months ended September 30, 2024:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding, December 31, 2023	12,223,637	$ 15.11	6.7	
Granted	1,950,032	16.18		
Exercised	(331,916)	9.41		
Forfeited	(141,409)	11.64		
Expired	(259,817)	22.09		
Outstanding, September 30, 2024	13,440,527	$ 15.30	6.4	$ 18
As of September 30, 2024:				
Exercisable	8,970,940	$ 17.66	5.4	$ 10
Vested and expected to vest	12,435,275	$ 15.70	6.3	$ 16

As of September 30, 2024, the total unrecognized compensation expense related to unvested stock options, net of related forfeiture estimates, was approximately $26.3 million, which the Company expects to recognize over a weighted-average period of approximately 1.4 years. The following table summarizes additional information on stock options (in thousands, except per share amounts):

	Nine Months Ended September 30,	
	2024	2023
Weighted-average fair value per share of stock options granted	$ 12.79	$ 3.78
Total intrinsic value of stock options exercised	$ 2,616	$ 61
Total cash received for stock options exercised	$ 3,122	$ 87
Total grant date fair value of stock options vested	$ 13,533	$ 13,611

Restricted Stock Units

Restricted stock units (RSUs) are valued based on the closing price of the Company's common stock on the date of the grant. The fair value of RSUs is recognized and amortized on a straight-line basis over the requisite service period of the award.

The following table summarizes RSU activity during the nine months ended September 30, 2024:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding, December 31, 2023	905,614	$ 5.97
Granted	649,715	17.04
Vested	(477,681)	6.90
Forfeited	(27,904)	13.07
Outstanding, September 30, 2024	1,049,744	$ 12.21

At September 30, 2024, there was $8.2 million of total unrecognized compensation cost related to unvested RSUs, which the Company expects to recognize over a remaining weighted-average period of approximately 1.5 years.

9. Commitments and Contingencies

In-licensing Arrangement

In January 2022, the Company entered into a non-exclusive license agreement with Synaffix B.V., a Lonza company, (Synaffix) to develop, manufacture and commercialize up to three antibody-drug conjugate targets using Synaffix's proprietary technology. The Company made an upfront payment to Synaffix upon contract execution. In March 2023, the Company and Synaffix amended the agreement, adding four additional targets. Assuming all seven targets are successfully developed and commercialized, the Company would be obligated to pay up to $2.8 billion for development, regulatory and sales milestones. Finally, pursuant to the terms of this license agreement, as amended, upon commencement of commercial sales of any products developed from these targets, the Company would be required to pay Synaffix tiered royalties in the low-single digit percentages on net sales of the respective products. The Company may terminate this agreement at any time with 30 days' notice to Synaffix. Amounts paid to Synaffix under this agreement are recorded as research and development expense in the consolidated statement of operations. No expense was incurred under this agreement during the three months ended September 30, 2024 and 2023. During the nine months ended September 30, 2024 and 2023, the Company recorded expense of $3.4 million and $1.7 million, respectively, under this agreement.

Securities Litigation

On July 26, 2024, a putative securities class action suit, entitled Crain v. MacroGenics, Inc. (Case No. 24-cv-02184), was filed in the U.S. District Court for the District of Maryland against the Company and Scott Koenig, the Company's President, Chief Executive Officer and a member of the Company's Board of Directors, alleging violations of securities laws during 2024. The suit asserts certain claims under Section 10 and Rule 10b-5 of the Securities and Exchange Act of 1934 based on alleged misstatements or omissions concerning the Company's TAMARACK Phase 2 study of vobramitamab duocarmazine in patients with metastatic castration-resistant prostate cancer. The Company plans to vigorously defend against these claims. Currently, no reserve has been established for any potential liability related to this suit.

10. Net Income (Loss) Per Share

Basic income (loss) per common share is determined by dividing income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration of common stock equivalents. Diluted income (loss) per share is computed by dividing the income (loss) attributable to common stockholders by the weighted-average number of common stock equivalents outstanding for the period. The treasury stock method is used to determine the dilutive effect of the Company's stock option grants and RSUs. 14,235,295 stock options and RSUs (common stock equivalents) were excluded from the calculation of diluted income per share for the three months ended September 30, 2024, because their inclusion would have been anti-dilutive. 12,607,056 and 12,514,638 stock options and RSUs (common stock equivalents) were excluded from the calculation of diluted income per share for the three and nine months ended September 30, 2023, respectively, because their inclusion would have been anti-dilutive.

Basic and diluted income (loss) per common share is computed as follows (in thousands except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net income (loss) used for calculation of basic and diluted EPS	$ 56,309	$ 17,554	$ (51,545)	$ 37,014
Denominator:				
Weighted average shares outstanding, basic	62,744,005	61,980,680	62,566,723	61,890,824
Effect of dilutive securities:				
Stock options and restricted stock units	121,836	263,922	—	199,519
Weighted average shares outstanding, diluted	62,865,841	62,244,602	62,566,723	62,090,343
Net income (loss) per share, basic	$ 0.90	$ 0.28	$ (0.82)	$ 0.60
Net income (loss) per share, diluted	$ 0.90	$ 0.28	$ (0.82)	$ 0.60

11. Subsequent Event

On October 22, 2024, the Company announced it entered into an agreement with TerSera under which TerSera will acquire global rights to MARGENZA. Included in the agreement is the sale of the MARGENZA inventory, which is recorded at cost on the Consolidated Balance Sheets and disclosed in the notes to the consolidated financial statements. The transaction is expected to close in the fourth quarter of 2024, subject to customary closing conditions. Pursuant to the agreement, the Company will receive $40.0 million at closing, and is eligible to receive sales milestone payments of up to an aggregate of $35.0 million. The Company expects to pay an $8.0 million amendment fee to its current commercialization partner during the fourth quarter of 2024. No gains or losses have been recognized as of September 30, 2024 as a result of this transaction. Additionally, the sale of MARGENZA will not constitute discontinued operations.

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 fiscal year ended December 31, 2023.

Overview

We are a biopharmaceutical company focused on discovering, developing, manufacturing and commercializing innovative antibody-based therapeutics for the treatment of cancer. We have a pipeline of product candidates designed to target either various tumor-associated antigens or immune checkpoint molecules. These candidates are being evaluated in clinical trials sponsored by us or our collaborators or are in preclinical development. Our clinical product candidates include multiple oncology programs which have either been created using our proprietary, antibody-based technology platforms or enabled through our technology licensing arrangements with other companies. We believe our product candidates have the potential, if approved for marketing by regulatory authorities, to have a meaningful effect on treating patients' unmet medical needs as monotherapy or, in some cases, in combination with other therapeutic agents. To date, three products originating from our pipeline of proprietary or partnered product candidates have received U.S. Food and Drug Administration (FDA) approval. In March 2021, we and our commercialization partner commenced U.S. marketing of MARGENZA (margetuximab-cmkb), a human epidermal growth factor receptor 2 (HER2) 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. In November 2022, the FDA approved TZIELD® (teplizumab-mzwv) to delay the onset of Stage 3 Type 1 Diabetes (T1D) in adult and pediatric patients aged 8 years and older with Stage 2 T1D. Teplizumab was acquired from us by Provention Bio, Inc. (Provention) in 2018, pursuant to an asset purchase agreement (Provention APA). In March 2023, the FDA approved ZYNYZ® (retifanlimab-dlwr), a humanized monoclonal antibody targeting programmed death receptor-1 (PD-1). Retifanlimab was previously developed by us and licensed to Incyte Corporation (Incyte) pursuant to an exclusive global collaboration and license agreement in October 2017 (Incyte License Agreement).

Our operations to date have concentrated on developing our technology platforms, identifying potential product candidates, undertaking preclinical studies, conducting clinical trials, developing collaborations, operating manufacturing facilities, business planning and raising capital. We only began generating revenues from the sale of products in 2021. We have financed our operations primarily through the public and private offerings of our securities, and collaborations with other biopharmaceutical companies. Although it is difficult to predict our funding requirements, we anticipate that our cash, cash equivalents and marketable securities as of September 30, 2024, combined with the $40.0 million expected at closing of the TerSera transaction for the sale of MARGENZA (see Note 11, Subsequent Event, of the notes to Consolidated Financial Statements, for additional information), less an $8.0 million amendment fee to be paid to our current commercialization partner, plus anticipated and potential collaboration payments, contract manufacturing revenue, and royalties, should enable us to fund our operations into 2026. Our expected funding requirements reflect anticipated expenditures related to the ongoing Phase 2 TAMARACK clinical trial of vobramitamab duocarmazine (vobra duo) in metastatic castration-resistant prostate cancer (mCRPC), our ongoing Phase 2 LORIKEET study of lorigerlimab in mCRPC as well as our other clinical and preclinical studies currently ongoing.

Through September 30, 2024, we had an accumulated deficit of $1.2 billion. We expect that over the next several years this deficit will increase as we continue to incur research and development expense in connection with our ongoing activities and several clinical studies.

Macroeconomic Conditions

The global economy, credit markets and financial markets have and may continue to experience significant volatility as a result of significant worldwide events, including adverse events involving financial institutions or the financial services industry, inflation and geopolitical upheaval (collectively, the Macroeconomic Conditions). These Macroeconomic Conditions have and may continue to create supply chain disruptions, inventory disruptions, and fluctuations in economic growth, including fluctuations in employment rates, inflation, energy prices and consumer sentiment. It remains difficult to assess or predict the ultimate duration and economic impact of the Macroeconomic Conditions. Prolonged uncertainty with respect to Macroeconomic Conditions could cause further economic slowdown or cause other unpredictable events, each of which could adversely affect our business, results of operations or 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.* We have an exclusive global collaboration and license agreement with Incyte for retifanlimab, an investigational monoclonal antibody that inhibits PD-1. Under this agreement, as amended, 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. We received an upfront payment of $150.0 million and milestone payments totaling $215.0 million from Incyte through September 30, 2024, including $100.0 million received in August 2024. We are eligible to receive up to an additional $210.0 million in development and regulatory milestones and $330.0 million in commercial milestones. We 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).
- *Gilead*. In 2022, we and Gilead Sciences, Inc. (Gilead) entered into an exclusive option and collaboration agreement (Gilead Agreement) to develop and commercialize MGD024 and create bispecific cancer antibodies using our DART platform and undertake their early development under a maximum of two separate bispecific cancer target research programs. Under the Gilead Agreement, we will continue the ongoing phase 1 trial for MGD024 according to a development plan, during which Gilead will have the right to exercise an option granted to Gilead to obtain an exclusive license to develop and commercialize MGD024 and other bispecific antibodies of ours that bind CD123 and CD3 (CD123 Option). The agreement also granted Gilead the right, within its first two years, to nominate a bispecific cancer target set for up to two research programs conducted by us and to exercise separate options to obtain an exclusive license for the development, commercialization and exploitation of molecules created under each research program (Research Program Option). As part of the Gilead Agreement, Gilead paid us a non-refundable upfront payment of $60.0 million and we will be eligible to receive up to $1.7 billion in target nomination, option fees, and development, regulatory and commercial milestones, assuming Gilead exercises the CD123 Option and Research Program Option, successfully develops and commercializes MGD024 or other CD123 products developed under the agreement, and products result from the two additional research programs. Assuming exercise of the CD123 Option, we will also be eligible to receive tiered, low double-digit royalties on worldwide net sales of MGD024 (or other CD123 products developed under the agreement) and assuming exercise of the Research Program Option, a flat royalty on worldwide net sales of any products resulting from the two research programs. In 2023, Gilead nominated the first of the two research programs contemplated in the Gilead Agreement (First Research Program) and paid us a $15.7 million nomination fee. We granted Gilead a research license, and the parties agreed on a research plan for the First Research Program under which we will provide research and development services. In January 2024, the parties amended the Gilead Agreement to revise certain matters related to intellectual property in the performance of the research plans under the agreement. In June 2024, Gilead paid us variable consideration totaling $3.3 million upon achievement of a research plan milestone. On August 30, 2024, the parties entered into a second letter agreement under which Gilead will pay us to conduct certain research and which extends the period for Gilead to select its second research target combination.

Critical Accounting Estimates

Our critical accounting estimates are policies which require the most significant judgments and estimates in the preparation of our consolidated financial statements. A summary of our critical accounting estimates is presented in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. There have been no material changes with respect to our critical accounting estimates during the nine months ended September 30, 2024.

Results of Operations

Revenue

The following represents a comparison of our revenue for the three and nine months ended September 30, 2024 and 2023 (dollars in millions):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	Change	%	2024	2023	Change	%
Collaborative and other agreements	$ 101.4	$ 0.9	$ 100.5	NM	$ 105.2	$ 24.0	$ 81.2	338 %
Product sales, net	4.2	4.7	(0.5)	(11)%	14.3	13.2	1.1	8 %
Contract manufacturing	4.5	4.5	—	— %	9.7	9.7	—	— %
Government agreements	0.6	0.3	0.3	100 %	1.4	1.1	0.3	27 %
Total revenue	$ 110.7	$ 10.4	$ 100.3	NM	$ 130.6	$ 48.0	$ 82.6	172 %

NM: Not meaningful

The increase in revenue of $100.3 million for the three months ended September 30, 2024 compared to the three months ended September 30, 2023 was primarily due to the $100.0 million milestone recognized under the Incyte License Agreement.

The increase in revenue of $82.6 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 was primarily due to a net increase of $85.0 million in revenue recognized due to milestone payments received under the Incyte License Agreement.

Revenue from collaborative and other agreements may vary substantially from period to period depending on the progress made by our collaborators with their product candidates and the timing of milestones achieved under current agreements, and whether we enter into additional collaboration agreements. Following the sale of MARGENZA to TerSera, we will no longer receive revenue from MARGENZA net product sales.

Cost of Product Sales

For the three months ended September 30, 2024 and 2023, cost of product sales was $0.2 million and $0.1 million, respectively. Cost of product sales was $0.6 million and $0.5 million for the nine months ended September 30, 2024 and 2023, respectively. Cost of product sales consists primarily of product royalties and fill finish costs. Product sold during both periods consisted of drug product that was previously charged to research and development expense prior to FDA approval of MARGENZA, which favorably impacted our gross margin.

Cost of Manufacturing Services

For the three months ended September 30, 2024 and 2023, cost of manufacturing services was $1.7 million and $3.3 million, respectively. Cost of manufacturing services was $6.2 million and $7.6 million for the nine months ended September 30, 2024 and 2023, respectively. Cost of manufacturing services includes process development costs and costs to produce bulk drug substance for our contract development and manufacturing customers. We expect cost of manufacturing services to vary from period to period based on the agreed-upon manufacturing schedule.

Research and Development Expense

The following represents a comparison of our research and development expense for the three and nine months ended September 30, 2024 and 2023 (dollars in millions):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	Change	%	2024	2023	Change	%
Vobramitamab duocarmazine	$ 10.5	$ 6.5	$ 4.0	62 %	$ 32.2	$ 28.0	$ 4.2	15 %
Lorigerlimab	6.3	6.2	0.1	2 %	26.9	21.6	5.3	25 %
Preclinical antibody-drug conjugates (ADCs)	5.5	1.5	4.0	267 %	14.8	5.6	9.2	164 %
MGC028	4.3	4.1	0.2	5 %	20.2	7.7	12.5	162 %
MGC026	3.0	2.3	0.7	30 %	10.9	11.9	(1.0)	(8)%
MGD024	2.3	1.2	1.1	92 %	7.3	4.7	2.6	55 %
Margetuximab	2.1	3.3	(1.2)	(36)%	8.1	12.9	(4.8)	(37)%
Next-generation T-cell engagers (a)	2.0	2.1	(0.1)	(5)%	6.6	8.1	(1.5)	(19)%
Enoblituzumab	0.7	0.1	0.6	600 %	1.4	2.4	(1.0)	(42)%
Retifanlimab	0.4	0.2	0.2	100 %	1.7	0.7	1.0	143 %
Other programs (a) (b)	3.4	2.6	0.8	31 %	8.2	15.6	(7.4)	(47)%
Total research and development expense	$ 40.5	$ 30.1	$ 10.4	35 %	$ 138.3	$ 119.2	$ 19.1	16 %

(a) Includes research and discovery projects, as well as early preclinical molecules and molecules not advanced to clinical development.

(b) Includes discontinued projects.

Our research and development expense for the three months ended September 30, 2024 increased by $10.4 million compared to the three months ended September 30, 2023 primarily due to:

- increased vobra duo development costs and clinical trial costs related to TAMARACK;
- increased development costs for preclinical ADCs; and
- increased development and clinical costs related to MGD024.

These increases were offset by decreased development and clinical trial costs related to margetuximab.

Our research and development expense for the nine months ended September 30, 2024 increased by $19.1 million compared to the nine months ended September 30, 2023 primarily due to:

- increased development, manufacturing and IND-enabling costs related to MGC028;
- increased development costs for preclinical ADCs;
- increased clinical trial costs related to lorigerlimab;
- increased vobra duo development costs and clinical trial costs related to TAMARACK; and
- increased development and clinical costs related to MGD024.

These increases were offset by:

- decreased development, manufacturing and clinical trial costs related to discontinued projects;
- decreased development and clinical trial costs related to margetuximab;
- decreased development costs related to t-cell engagers;
- decreased development costs related to MGC026; and
- decreased clinical trial costs related to enoblituzumab.

There are uncertainties associated with our research and development expenses for future quarters which are impacted by multiple variables, including timing of wind down activities for recently closed studies and current and expected expenditures associated with our ongoing clinical studies.

Selling, General and Administrative Expense

Selling, general and administrative expenses were $14.1 million and $12.4 million for the three months ended September 30, 2024 and 2023, respectively. For the nine months ended September 30, 2024 and 2023, selling, general and administrative expenses were $43.2 million and $39.6 million, respectively. The increase for both periods is primarily due to increased stock-based compensation expense and professional fees.

Gain on Royalty Monetization Arrangement

During the nine months ended September 30, 2023, we entered into a tripartite agreement with DRI Healthcare Acquisitions LP (DRI) and Sanofi S.A. (Sanofi), whereby we consented to the sale of DRI's royalty interest in TZIELD and the related milestone payment obligations to Sanofi. The execution of the tripartite agreement resulted in a modification to the liability related to future royalties, and we recognized a $100.9 million gain on royalty monetization arrangement. Sanofi then reported achievement of the primary endpoint milestone event related to a $50.0 million milestone, which resulted in an additional $50.0 million gain on royalty monetization arrangement. In connection with the tripartite agreement, we amended the Provention APA and terminated the Royalty Purchase Agreement with DRI.

Liquidity and Capital Resources

Cash Flows

The following table represents a summary of our cash flows for the nine months ended September 30, 2024 and 2023:

	Nine Months Ended September 30,	
	2024	**2023**
	(dollars in millions)	
Net cash provided by (used in):		
Operating activities	$ (30.0)	$ (50.2)
Investing activities	107.8	(118.9)
Financing activities	0.8	150.1
Net change in cash and cash equivalents	$ 78.6	$ (19.0)

Operating Activities

Net cash used in operating activities consists of our net income (loss) adjusted for non-cash items such as depreciation and amortization expense and stock-based compensation and changes in working capital. Net cash used in operating activities for the nine months ended September 30, 2024 benefited from $100.0 million in milestones received from Incyte under the Incyte License Agreement. Net cash used in operating activities for the nine months ended September 30, 2023 benefited from $15.0 million in milestones received from Incyte under the Incyte License Agreement.

Investing Activities

Net cash provided by investing activities during the nine months ended September 30, 2024 is primarily due to maturities of marketable securities, partially offset by purchases of marketable securities. Net cash used in investing activities during the nine months ended September 30, 2023 is primarily due to purchases of marketable securities, partially offset by maturities of marketable securities.

Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2024 includes proceeds from stock option exercises and ESPP purchases, offset by taxes paid related to net share settlement of equity awards. Net cash provided by financing activities for the nine months ended September 30, 2023 includes net cash proceeds from our Royalty Purchase Agreement with DRI of $149.7 million.

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. Our future success is dependent on our ability to identify and develop our product candidates, and ultimately upon our ability to attain profitable operations. We have devoted substantially all of our financial resources and efforts to research and development and general and administrative expense to support such research and development. Net losses and negative cash flows have had, and will continue to have, an adverse effect on our stockholders' equity and working capital, and accordingly, our ability to execute our future operating plans.

As a biotechnology company, we have primarily funded our operations with proceeds from the sale of our common stock in equity offerings and revenue from our multiple collaboration agreements. 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 September 30, 2024, combined with $40.0 million expected at closing of the TerSera transaction for the sale of MARGENZA, less an $8.0 million amendment fee to be paid to our current commercialization partner, plus anticipated and potential collaboration payments, contract manufacturing revenue, and royalties, should enable us to fund our operations into 2026. Our expected funding requirements reflect anticipated expenditures related to the ongoing Phase 2 TAMARACK clinical trial of vobra duo in mCRPC, our ongoing Phase 2 LORIKEET study of lorigerlimab in mCRPC as well as our other clinical and preclinical studies currently ongoing.

Material Cash Requirements

During the nine months ended September 30, 2024, there were no significant changes to our material cash requirements, including contractual and other obligations, as presented in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of September 30, 2024, our exposure to market risk has not changed materially since December 31, 2023. For more information on financial market risks related to changes in interest rates, reference is made to Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" contained in Part II of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on March 7, 2024.

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 defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) as of September 30, 2024. 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 September 30, 2024, 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

There were no changes in our internal control over financial reporting during the three months ended September 30, 2024 that materially affected, or are reasonably likely to materially effect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth under Note 9 - Commitments and Contingencies contained in the "Notes to Consolidated Financial Statements" in this Quarterly Report on Form 10-Q is incorporated herein by reference.

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 currently, 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.

Item 1A. Risk Factors

Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and trading price of our securities. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors described in Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. 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 fiscal year ended December 31, 2023, aside from the risk factor included below:

Risks Related to Employee Matters and Human Capital Management

Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.

We are highly dependent on the research and development, clinical and business development expertise of certain of our executive officers and other key employees. Although we have entered into employment agreements with our executive officers, each of them may terminate their employment with us at any time. The loss of the services of our executive officers or other key employees could impede the achievement of our research, development, manufacturing and commercialization objectives and seriously harm our ability to successfully implement our business strategy.

In October 2024, we announced the separation of our President and Chief Executive Officer, Dr. Scott Koenig, effective February 28, 2025, and the appointment of a special executive search committee of the Board to identify a new Chief Executive Officer for our company. Although we intend to navigate this transition effectively and the identification of a new Chief Executive Officer is intended to be in the best interest of our company and our stockholders, as we navigate Dr. Koenig's separation and the hiring of a new Chief Executive Officer, the uncertainty during the transition period may increase the risks of employee departures, which may also result in the loss of institutional or technical knowledge, which may adversely affect our business.

Recruiting and retaining qualified scientific, clinical, manufacturing and other personnel will also be critical to our success. For example, we have experienced employee turnover, consistent with the broader American economy, and we may continue to experience employee turnover in the future that may have an adverse effect on our business strategy. New hires require significant training and, in most cases, take significant time before they achieve full productivity. New employees may not become as productive as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals. Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. Such competition may increase due to the recent move by companies to offer a remote or hybrid work environment. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, motivate existing employees, or maintain our corporate culture in a hybrid or remote work environment and in the midst of higher turnover, our ability to pursue our growth strategy will be limited. Additionally, we continue to monitor the U.S. Federal Trade Commission's final rule that would generally prohibit post-employment non-compete clauses (or other clauses with

comparable effect) in agreements between employers and their employees. If this rule goes into effect, or if we fail to adequately address any of the issues referred to above, it could adversely impact our ability to recruit and retain our skilled employees which may result in a material adverse effect on our business, operating results and financial condition.

Item 5. Other Information

10b5-1 Trading Plans

During the three months ended September 30, 2024, the following Section 16 officers and directors adopted, modified or terminated a "Rule 10b5-1 trading arrangement" (as defined in Item 408 of Regulation S-K of the Exchange Act):

- Eric Risser, Chief Operating Officer, adopted a new trading plan on September 25, 2024 (with the first trade possible under the new plan no sooner than December 26, 2024). The trading plan will be effective until December 24, 2025 and covers the potential sale of up to 320,333 shares of the Company's common stock.

Item 6. Exhibits

10.1+*	Fourth Amendment to the Collaboration and License Agreement by and between the Company and Incyte Corporation, Inc., dated July 24, 2024
10.2+*	Second Letter Agreement by and between the Company and Gilead Sciences, Inc., dated August 30, 2024
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)

+ Portions of this document (indicated by "[***]" have been omitted because they are not material and are the type that MacroGenics, Inc. treats as private and confidential.
* Filed herewith
** Furnished herewith

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: November 5, 2024

CERTAIN PORTIONS OF THIS EXHIBIT (INDICATED BY [***]) HAVE BEEN EXCLUDED PURSUANT TO ITEM 601(B)(10) OF REGULATION S-K BECAUSE THEY ARE BOTH NOT MATERIAL AND ARE THE TYPE THAT THE COMPANY CUSTOMARILY AND ACTUALLY TREATS AS PRIVATE AND CONFIDENTIAL.

CONFIDENTIAL

AMENDMENT NO. 4 TO GLOBAL COLLABORATION AND LICENSE AGREEMENT

This Amendment No. 4 to Global Collaboration and License Agreement (this "Amendment No. 4") is dated as of July 24, 2024, by and between **INCYTE CORPORATION**, a Delaware corporation, having its principal place of business at 1801 Augustine Cut-Off, Wilmington, DE 19803 (hereinafter "Incyte"), and **MACROGENICS, INC.**, a Delaware corporation, having its principal place of business at 9704 Medical Center Drive, Rockville, MD 20850 ("MacroGenics", together with Incyte, the "Parties" and each separately, a "Party"), and is meant to amend that certain Global Collaboration and License Agreement, dated as of October 24, 2017, between Incyte and MacroGenics and amended on March 15, 2018 ("Amendment No. 1") and April 7, 2022 ("Amendment No. 2") and July 14, 2022 ("Amendment No. 3"). The Global Collaboration and License Agreement, Amendment No. 1, Amendment No. 2 and Amendment No. 3 are referred to herein collectively as the "Agreement." Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

WHEREAS, the Parties wish to modify the Agreement to reflect changes agreed to between the Parties with respect to (a) the acceleration of payment for certain Milestones with respect to [***] and (b) the non-applicability of certain Milestones with respect to [***];

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

1. Acceleration of a Development Milestone and Certain Approval Milestones with respect to the Indication [***]. The Parties agree that with respect to the Indication [***]:

    a. The Development Milestone set forth in Section 8.2(b) of the Agreement, "Treatment of[***]cumulative subjects across all Incyte Clinical Studies (including Incyte Monotherapy Studies and Incyte Combination Studies) in a single Indication for greater than [***]continuously at a recommended Phase II or Phase III defined dose and schedule," shall be deemed to have been achieved for the [***]Indication (the "[***]Milestone").

    b. The following Approval Milestones set forth in Section 8.2(d) of the Agreement shall be deemed to have been achieved for the [***]Indication ("[***] Milestones"):

        i. Receipt of Regulatory Approval in U.S.

        ii. Receipt of Regulatory Approval in EU.

c. The Approval Milestone "Receipt of Regulatory Approval in Japan" set forth in Section 8.2(d) of the Agreement shall not apply to [***], and no payment for the achievement of such Milestone shall ever be due with respect to the Indication of [***]. For clarity, such Milestone shall remain applicable and due with respect to any Indication other than [***].

d. [***]following the execution of this Amendment No. 4, Incyte shall pay MacroGenics the amount of One Hundred Million U.S. dollars ($100,000,000) (the "[***]"). Notwithstanding anything else to the contrary in the Agreement, the Parties hereby acknowledge and agree that the [***] represents and shall be deemed payment in full satisfaction of the total Milestone payments due for the achievement of the [***], and no further Milestone payments shall be due thereafter with respect to[***].

2. Removal of Certain Milestones and Payments for the Indication of[***]

a. The Parties agree that the following Milestones shall not apply with respect to Monotherapy Regimens or combination therapies (other than Incyte Combination Regimens that include an Incyte Pipeline Asset, in which case such Milestones shall remain applicable) in the Indication of [***]:

i. The Regulatory Filing Milestone "First filing of BLA in the US" set forth in Section 8.2(c) of the Agreement.

ii. The Regulatory Filing Milestone "First filing of MAA with EMA or in[***]European Major Market countries" set forth in Section 8.2(c) of the Agreement.

iii. The Approval Milestone "Receipt of Regulatory Approval in U.S." set forth in Section 8.2(d) of the Agreement.

iv. The Approval Milestone "Receipt of Regulatory Approval in EU" set forth in Section 8.2(d) of the Agreement.

v. The Approval Milestone "Receipt of Regulatory Approval in Japan" set forth in Section 8.2(d) of the Agreement.

Other than as set forth herein, no payments for the achievements of such Milestones shall ever be due with respect to the Indication[***].

3. Entire Agreement; Remaining Provisions of the Agreement. The Agreement, as supplemented and modified by this Amendment No. 4, contains the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into the Agreement. Upon the effectiveness of this Amendment No. 4, on and after the date hereof, each reference in the Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Agreement, as amended hereby. Except as provided herein, each of the other provisions of the Agreement shall remain in full force and effect.

4. Governing Law. This Amendment No. 4 shall be governed by and construed under the laws of the State of New York, without giving effect to any choice of law principles that would require the application of the laws of a different state.

5. Execution in Counterparts. This Amendment No. 4 may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Amendment No. 4 may be executed by .pdf or other electronically transmitted signatures and such signatures shall be deemed to bind each Party as if they were the original signatures.

[remainder of page intentionally blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 4 to Global Collaboration and License Agreement to be duly executed by their respective authorized signatories effective as of the date first indicated above.

MACROGENICS, INC.

By: __ Name: Scott Koenig
Title: President and Chief Executive Officer

INCYTE CORPORATION

By: __ Name: Vijay Iyengar
Title: EVP, Global Medical Affairs, Product and Partnership Strategy

Exhibit 10.2

CERTAIN PORTIONS OF THIS EXHIBIT (INDICATED BY [***]) HAVE BEEN EXCLUDED PURSUANT TO ITEM 601(B)(10) OF REGULATION S-K BECAUSE THEY ARE BOTH NOT MATERIAL AND ARE THE TYPE THAT THE COMPANY CUSTOMARILY AND ACTUALLY TREATS AS PRIVATE AND CONFIDENTIAL.

Execution Version

August 30, 2024

Gilead Sciences, Inc.
333 Lakeside Drive
Foster City, CA 94404

Ladies and Gentlemen:

This second letter agreement ("**Second Letter Agreement**") is entered into as of August 30, 2024 (the "**Second Letter Agreement Effective Date**"), by and between MacroGenics, Inc. ("**MacroGenics**"), and Gilead Sciences, Inc., ("**Gilead**") (collectively, the "**Parties**"). Reference is hereby made to the Collaboration and License Agreement between the Parties, dated as of October 14, 2022, as amended by the First Amendment to License Agreement, dated January 11, 2024 (the "**Collaboration Agreement**") and the Letter Agreement between the Parties, dated as of August 31, 2023 ("**First Letter Agreement**"). Unless otherwise specified or defined herein, any capitalized terms used but not defined in this Second Letter Agreement will have the meaning assigned to them in the Collaboration Agreement or the First Letter Agreement, as applicable.

As of the Second Letter Agreement Effective Date, MacroGenics anticipates conducting [***] Study [***] a study that Gilead will provide funding for under this Second Letter Agreement. As a condition to Gilead providing funding and MacroGenics conducting such study, the Parties have agreed to enter into this Second Letter Agreement, memorializing their agreement to the following:

1. **First Research Program**. Pursuant to the First Letter Agreement, the Parties established the First Research Program for which the Confirmed Research Target Combination [***].

2. **Funding Payment for [***] Study**. Within [***] after the Second Letter Effective Date, MacroGenics shall invoice Gilead [***] and Gilead shall pay such amount [***] after Gilead's receipt of such invoice. MacroGenics shall use such payment solely to conduct the [***] study detailed in the study plan attached to this Second Letter Agreement in Exhibit A (the "[***] **Study**").

3. **Conduct [***] Study**. MacroGenics shall conduct and complete the [***] Study at its cost and expense subject to Gilead's funding pursuant to Section 2 of this Second Letter Agreement. All data, results, know-how and other intellectual property resulting from the performance of the [***] Study ("**Study Intellectual Property**") shall be solely owned by MacroGenics and MacroGenics shall have the sole right to use the Study Intellectual Property in any way it sees fit, subject to the last sentence of Section 5.1(a) (Research Target Nomination Right) of the Collaboration Agreement and the last sentence of this Section 3 of this Second Agreement Letter. MacroGenics shall have no obligation to provide any financial consideration to Gilead or any other consideration (except as set forth in this Second Agreement Letter) for MacroGenics' ownership and any use of the Study Intellectual Property. If the Research Target Combination of [***] becomes a Licensed Research Target Combination, then the Study Intellectual Property will be deemed MacroGenics Research Know-How or MacroGenics Research Patents under the Collaboration Agreement, as applicable, and will be licensed to Gilead under Section 3.2(a) (Research Term License) of the Collaboration Agreement.

4. **Collaboration Agreement Amendments**.

    a. Section 1.154 of the Collaboration Agreement is hereby renumbered as Section 1.155 and each section thereafter in Article 1 is renumbered accordingly and the following text is inserted as a new Section 1.154 of the Collaboration Agreement:

1.154 "**[***] Data Package**" means the data package containing data generated from the [***] study conducted by MacroGenics pursuant to the Second Letter Agreement between the Parties dated August 30, 2024 to evaluate [***] a molecule being developed by MacroGenics which binds the Research Target Combination [***] (such study, the "[***] **Study**"). The data to be included in [***] Data Package is set forth in **Schedule 1.154**.

b. Section 5.1(a) (Research Target Nomination Right) of the Collaboration Agreement is hereby deleted and replaced in its entirety as follows:

Research Target Nomination Right. During the period commencing on the Effective Date and, subject to the last sentence of Section 5.1(e) [***] Study Report), ending [***] following submission of the [***] Data Package by MacroGenics to Gilead ("**Research Target Selection Period**"), *provided* that submission of the [***] Data Package shall be in sufficient time for such [***] period to expire no later than [***] of the initiation of the [***] Study, Gilead shall have the right, in its sole discretion (subject to the remainder of this Article 5 (Research Target Nomination; Research Plans; Licensed Research Target Combinations)), to nominate [***] (such combination, a "**Research Target Combination**" and such right, the "**Research Target Nomination Right**") for each of up to two (2) Research Programs for which the Parties would Develop Research Molecules and Research Products in accordance with the remainder of this Article 5 (Research Target Nomination; Research Plans; Licensed Research Target Combinations). During the Research Target Selection Period, (a) MacroGenics shall not grant any Third Party any right to Exploit [***], in each case, in a manner that would preclude [***] from becoming a Confirmed Research Target Combination pursuant to Section 5.1(c) (Confirmed Research Target Combinations) if Gilead were to nominate such Research Target Combination and (b) notwithstanding anything to the contrary in this Agreement, the Research Target Combination of [***] will not be deemed an Unavailable Target Combination.

c. The following text is inserted as a new Section 5.1(e) [***] Study Report) of the Collaboration Agreement

[***] Data Package. MacroGenics shall deliver the [***] Data Package to Gilead as promptly as possible, and in no event more than [***]after completion of the [***] Study. [***] following Gilead's receipt of the [***] Data Package, Gilead may provide MacroGenics with written notice if Gilead believes in good faith that the purported [***] Data Package provided by MacroGenics does not contain all of the information required to be provided in such study report, as set forth in **Schedule 1.154** (each, a "**Deficiency Notice**"), which Deficiency Notice will reasonably specify the missing item(s). MacroGenics will modify such [***] Data Package to reflect such comments and will provide an updated [***] Data Package that includes the missing information as promptly as practicable, and in any event, [***] after receipt of the Deficiency Notice; *provided* that, for clarity, MacroGenics shall not be required to generate any additional data that is not in existence as of the date of

delivery of the [***] Data Package (including re-running previously performed studies) to the extent such data is supplementary and not required to be set forth in such [***] Data Package or comply with any requests to modify the presentation or formatting of the then-existing data unless required to be set forth in such [***] Data Package. If Gilead provides a Deficiency Notice, then the Research Target Selection Period will end on the date that is the later of (a) [***] following the provision [***] Data Package that includes the missing information and (b) [***] following the initial submission of the [***] Data Package by MacroGenics to Gilead.

d. Exhibit B is hereby added as a new **Schedule 1.154** of the Collaboration Agreement.

5. **JSC Responsibilities**. The Parties agree that the JSC will be responsible for facilitating the exchange of information between the Parties with respect to the [***] Study.

6. **Effector Target**. The Parties agree that the [***] shall be available as an Effector Target for combination with the Cancer Target [***].

7. **General Provisions**. This Second Letter Agreement will be deemed to be incorporated into, and made a part of, the First Letter Agreement and Collaboration Agreement, and the First Letter Agreement, Collaboration Agreement, and this Second Letter Agreement will be read, taken, and construed as one and the same agreement (including with respect to the provisions set forth in Article 19 (Miscellaneous) of the Collaboration Agreement which will, as applicable, be deemed to apply to this Second Letter Agreement *mutatis mutandis*). In the event of any express conflict or inconsistency between this Second Letter Agreement, on one hand, and the First Letter Agreement or Collaboration Agreement on the other hand, the terms and conditions of this Second Letter Agreement will control. This Second Letter Agreement, together with the First Letter Agreement and the Collaboration Agreement, sets forth the complete, final, and exclusive agreement and all the covenants, promises, agreements, warranties, representations, conditions, and understandings between the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings between the Parties existing as of the Second Letter Agreement Effective Date with respect to the subject matter hereof. Except as expressly set forth in this Second Letter Agreement, all terms and conditions of the First Letter Agreement and Collaboration Agreement will remain in full force and effect during the effective period thereof.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have caused this Second Letter Agreement to be executed by their respective duly authorized officers as of the Second Letter Agreement Effective Date.

GILEAD SCIENCES, INC.

By

Name: Jackson Egen
Title: VP, Research Oncology

MACROGENICS, INC.

By

Name : Scott Koenig CEO

Title: CEO

Exhibit A

[***] Study

[***]

Exhibit B

Schedule 1.154

[***]

EXHIBIT 31.1

I, Scott Koenig, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2024 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: November 5, 2024

EXHIBIT 31.2

I, James Karrels, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2024 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: November 5, 2024

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 September 30, 2024 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: November 5, 2024

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 September 30, 2024 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: November 5, 2024