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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2022

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 0-17999

ImmunoGen, Inc.

Massachusetts	**04-2726691**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

830 Winter Street, Waltham, MA 02451
(Address of principal executive offices, including zip code)

(781) 895-0600
(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $.01 par value	IMGN	Nasdaq Global Select Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12-b2 of the Exchange Act.

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Shares of common stock, par value $.01 per share: 220,750,928 shares outstanding as of October 31, 2022.

IMMUNOGEN, INC.
FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2022
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Forward-looking statements

This Form 10-Q includes forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, these forward-looking statements relate to analyses and other information that are based on beliefs, expectations, assumptions, and forecasts of future results and estimates of amounts that are not yet determinable. These statements also relate to our prospects, future developments, product candidates, and business strategies.

These forward-looking statements are identified by their use of terms and phrases, such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will," and other similar terms and phrases, including references to assumptions. These statements are contained in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections, as well as the notes to our financial statements and other sections of this report.

We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and investors should not place undue reliance on our forward-looking statements. Additionally, these forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to be materially different from those contemplated by our forward-looking statements. These known and unknown risks, uncertainties, and other factors are described in detail in the "Risk Factors" section and in other sections of this report and our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Securities and Exchange Commission (SEC) on February 28, 2022, as supplemented by our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022 and June 30, 2022, and as updated and/or supplemented in subsequent filings with the SEC. Except as required by law, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

ITEM 1. ***Financial Statements***

IMMUNOGEN, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
In thousands, except per share amounts

	September 30, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents	$ 309,511	$ 478,750
Accounts receivable	42	4,467
Unbilled receivable	696	2,345
Contract assets	—	3,000
Non-cash royalty receivable	3,453	4,115
Prepaid and other current assets	16,714	7,322
Total current assets	330,416	499,999
Property and equipment, net of accumulated depreciation	4,474	4,663
Operating lease right-of-use assets	10,809	12,392
Other assets	13,100	8,711
Total assets	$ 358,799	$ 525,765
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 20,178	$ 18,434
Accrued compensation	8,621	5,469
Other accrued liabilities	47,136	23,077
Current portion of liability related to the sale of future royalties, net of deferred financing costs of $175 and $198, respectively	8,647	6,077
Current portion of operating lease liability	3,981	3,537
Current portion of deferred revenue	15,079	44,351
Total current liabilities	103,642	100,945
Deferred revenue, net of current portion	38,732	47,717
Operating lease liability, net of current portion	12,217	15,244
Liability related to the sale of future royalties, net of current portion and deferred financing costs of $241 and $381, respectively	25,901	34,967
Other long-term liabilities	300	1,306
Total liabilities	180,792	200,179
Commitments and contingencies (Note H)		
Shareholders' equity:		
Preferred stock, $.01 par value; authorized 5,000 shares; no shares issued and outstanding as of each of September 30, 2022 and December 31, 2021	—	—
Common stock, $.01 par value; authorized 600,000 shares; 220,751 and 220,361 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	2,208	2,204
Additional paid-in capital	1,810,863	1,794,525
Accumulated deficit	(1,635,064)	(1,471,143)
Total shareholders' equity	178,007	325,586
Total liabilities and shareholders' equity	$ 358,799	$ 525,765

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

IMMUNOGEN, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)
In thousands, except per share amounts

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenues:				
License and milestone fees	$ 7,382	$ 2,677	$ 45,247	$ 3,086
Non-cash royalty revenue related to the sale of future royalties	7,993	6,533	21,537	38,768
Research and development support	—	—	831	10
Total revenues	15,375	9,210	67,615	41,864
Operating expenses:				
Research and development	59,181	33,147	154,885	102,149
Selling, general and administrative	33,623	10,297	74,064	30,234
Total operating expenses	92,804	43,444	228,949	132,383
Loss from operations	(77,429)	(34,234)	(161,334)	(90,519)
Investment income, net	1,539	11	2,183	35
Non-cash interest expense on liability related to the sale of future royalties and convertible senior notes	(867)	(2,751)	(3,194)	(10,952)
Interest expense on convertible senior notes	—	—	—	(47)
Other (expense) income, net	(998)	(365)	(1,576)	(648)
Net loss	$ (77,755)	$ (37,339)	$ (163,921)	$ (102,131)
Basic and diluted net loss per common share	$ (0.31)	$ (0.18)	$ (0.65)	$ (0.51)
Basic and diluted weighted-average common shares outstanding	253,511	204,844	253,371	201,212
Total comprehensive loss	$ (77,755)	$ (37,339)	$ (163,921)	$ (102,131)

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

IMMUNOGEN, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)
In thousands

	Common Stock		Additional Paid-In	Accumulated	Total Shareholders'
	Shares	Amount	Capital	Deficit	Equity
Balance at December 31, 2020	**194,998**	**$ 1,950**	**$ 1,419,460**	**$ (1,331,840)**	**$ 89,570**
Net loss				(34,051)	(34,051)
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	397	4	1,282	—	1,286
Issuance of common stock, net of issuance costs	4,544	45	33,447	—	33,492
Restricted stock units vested	2	—	—	—	—
Stock option and restricted stock compensation expense	—	—	3,674	—	3,674
Directors' deferred share unit compensation	—	—	149	—	149
Balance at March 31, 2021	**199,941**	**$ 1,999**	**$ 1,458,012**	**$ (1,365,891)**	**$ 94,120**
Net loss	—	—	—	(30,741)	(30,741)
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	75	1	377	—	378
Conversion of convertible senior notes	239	3	997	—	1,000
Common stock issuance costs	—	—	(34)		(34)
Stock option and restricted stock compensation expense	—	—	3,598	—	3,598
Directors' deferred share unit compensation	—	—	144	—	144
Balance at June 30, 2021	**200,255**	**$ 2,003**	**$ 1,463,094**	**$ (1,396,632)**	**$ 68,465**
Net loss	—	—	—	(37,339)	(37,339)
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	95	1	367	—	368
Issuance of common stock, net of issuance costs	2,150	21	12,336	—	12,357
Issuance of pre-funded warrant, net of issuance costs	—	—	29,765	—	29,765
Restricted stock award forfeitures	(57)	(1)	1	—	—
Stock option and restricted stock compensation expense	—	—	3,298	—	3,298
Directors' deferred share unit compensation	—	—	179	—	179
Balance at September 30, 2021	**202,443**	**$ 2,024**	**$ 1,509,040**	**$ (1,433,971)**	**$ 77,093**
Net loss	—	—	—	(37,172)	(37,172)
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	431	4	1,733	—	1,737
Issuance of common stock, net of issuance costs	17,487	176	108,039	—	108,215
Issuance of pre-funded warrant, net of issuance costs	—	—	169,280	—	169,280
Stock option and restricted stock compensation expense	—	—	6,224	—	6,224
Directors' deferred share unit compensation	—	—	209	—	209
Balance at December 31, 2021	**220,361**	**$ 2,204**	**$ 1,794,525**	**$ (1,471,143)**	**$ 325,586**
Net loss	—	—	—	(24,145)	(24,145)
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	173	1	619	—	620
Restricted stock units vested	2	—	—	—	—
Stock option and restricted stock compensation expense	—	—	4,196	—	4,196
Directors' deferred share unit compensation	—	—	211	—	211
Balance at March 31, 2022	**220,536**	**$ 2,205**	**$ 1,799,551**	**$ (1,495,288)**	**$ 306,468**
Net loss	—	—	—	(62,021)	(62,021)
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	108	1	410	—	411
Stock option and restricted stock compensation expense	—	—	4,760	—	4,760
Directors' deferred share unit compensation	—	—	213	—	213
Balance at June 30, 2022	**220,644**	**$ 2,206**	**$ 1,804,934**	**$ (1,557,309)**	**$ 249,831**
Net loss	—	—	—	(77,755)	(77,755)
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	107	2	447	—	449
Stock option and restricted stock compensation expense	—	—	5,336	—	5,336
Directors' deferred share unit compensation	—	—	146	—	146
Balance at September 30, 2022	**220,751**	**$ 2,208**	**$ 1,810,863**	**$ (1,635,064)**	**$ 178,007**

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

IMMUNOGEN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
In thousands

	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net loss	$ (163,921)	$ (102,131)
Adjustments to reconcile net loss to net cash used for operating activities:		
Non-cash royalty revenue related to sale of future royalties	(9,027)	(35,035)
Non-cash interest expense on liability related to sale of future royalties and convertible senior notes	3,194	10,952
Depreciation and amortization	1,355	1,555
Stock and deferred share unit compensation	14,862	11,042
Change in operating assets and liabilities:		
Accounts receivable	4,425	(186)
Unbilled receivable	1,649	(4,695)
Contract asset	3,000	(2,500)
Prepaid and other current assets	(9,392)	(6,429)
Operating lease right-of-use assets	1,583	1,327
Other assets	(4,389)	2,451
Accounts payable	1,689	1,354
Accrued compensation	3,152	98
Other accrued liabilities	23,057	5,153
Deferred revenue	(38,257)	(4,104)
Operating lease liability	(2,583)	(2,394)
Net cash used for operating activities	(169,603)	(123,542)
Cash flows from investing activities:		
Purchases of property and equipment	(1,116)	(1,065)
Net cash used for investing activities	(1,116)	(1,065)
Cash flows from financing activities:		
Payments upon settlement of convertible senior notes	—	(1,100)
Proceeds from issuance of common stock under stock plans	1,480	2,032
Proceeds from warrant issuance, net of $181 of transaction costs	—	29,765
Proceeds from common stock issuance, net of $143 of transaction costs	—	45,815
Net cash provided by financing activities	1,480	76,512
Net change in cash and cash equivalents	(169,239)	(48,095)
Cash and cash equivalents, beginning of period	478,750	293,856
Cash and cash equivalents, end of period	$ 309,511	$ 245,761

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

IMMUNOGEN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022

A. Nature of Business and Plan of Operations

ImmunoGen, Inc. (the Company) was incorporated in Massachusetts in 1981 and is focused on the development and commercialization of antibody-drug conjugates (ADCs) for the treatment of cancer. The Company has generally incurred operating losses and negative cash flows from operations since inception, incurred a net loss of $163.9 million during the nine months ended September 30, 2022, and had an accumulated deficit of approximately $1.6 billion as of September 30, 2022. The Company has primarily funded these losses through payments received from its collaborations and equity, convertible debt, and other financings. To date, the Company has had no revenues from commercial sales of its own products and management expects to continue to incur substantial operating losses for at least the near term as the Company incurs significant operating expenses related to research and development and potential commercialization of its portfolio.

As of September 30, 2022, the Company had $309.5 million of cash and cash equivalents on hand. The Company anticipates that its current capital resources will enable it to meet its operational expenses and capital expenditures for more than twelve months after the date these financial statements were issued. The Company expects to raise additional funds through equity, debt, or other financings, or generate revenues from product sales of the Company's lead product candidate, mirvetuximab soravtansine (MIRV), if approved, as well as revenues from collaborations through a combination of upfront license payments, milestone payments, royalty payments, and research funding to support its planned operating activities. There can be no assurance, however, that the Company will be able to obtain additional equity, debt, or other financing or generate revenues from product sales of MIRV, if approved, or from collaborations on terms acceptable to the Company or at all. The failure of the Company to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on the Company's business, results of operations, and financial condition and require the Company to defer or limit some or all of its research, development, and/or clinical projects.

The Company is subject to risks common to companies in the biotechnology industry including, but not limited to, the development by its competitors of new technological innovations, dependence on key personnel, protection of proprietary technology, manufacturing and marketing limitations, complexities associated with managing collaboration arrangements, third-party reimbursements, and compliance with governmental regulations.

B. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated. The consolidated financial statements include all of the adjustments, consisting only of normal recurring adjustments, which management considers necessary for a fair presentation of the Company's financial position in accordance with accounting principles generally accepted in the U.S. for interim financial information. The December 31, 2021 consolidated balance sheet presented for comparative purposes was derived from the Company's audited financial statements, and certain information and footnote disclosures normally included in the Company's annual financial statements have been condensed or omitted. The preparation of interim financial statements requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenues and expenditures during the reported periods. The results of the interim periods are not necessarily indicative of the results for the entire year. Accordingly, the interim financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on February 28, 2022.

Significant Accounting Policies

The significant accounting policies used in preparation of these condensed consolidated financial statements for the three and nine months ended September 30, 2022 are consistent with those discussed in Note B to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

Revenue Recognition

Transaction Price Allocated to Future Performance Obligations

Deferred revenue under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Revenue from Contracts with Customers* (ASC 606), represents the portion of the transaction price received under various contracts attributed to performance obligations that have not been satisfied (or have been partially satisfied) and includes unexercised contract options that are considered material rights. As of September 30, 2022, the aggregate amount of the transaction price allocated to remaining performance obligations comprising deferred revenue was $53.8 million. The Company expects to recognize revenue on approximately 28%, 66%, and 6% of the remaining performance obligations over the next 12 months, 13 to 60 months, and 61 to 120 months, respectively; however, the timing of recognition may vary due to such factors as the amount and timing of future sales of KADCYLA®, the timing of exercise of contract options considered to be material rights, or termination of existing development and commercialization licenses.

Contract Balances from Contracts with Customers

The following tables present changes in the Company's contract assets and contract liabilities during the nine months ended September 30, 2022 and 2021 (in thousands):

	Balance at December 31, 2021	Additions	Deductions	Impact of Netting	Balance at September 30, 2022
Contract asset	$ 3,000	$ —	$ (3,000)	$ —	$ —
Contract liabilities (deferred revenue)	$ 92,068	$ 5,704	$ (43,961)	$ —	$ 53,811

	Balance at December 31, 2020	Additions	Deductions	Impact of Netting	Balance at September 30, 2021
Contract asset	$ —	$ 2,500	$ —	$ —	$ 2,500
Contract liabilities (deferred revenue)	$ 110,109	$ 25	$ (4,129)	$ —	$ 106,005

The Company recognized the following revenues as a result of changes in contract asset and contract liability balances in the respective periods (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue recognized in the period from:				
Amounts included in contract liabilities at the beginning of the period	$ 7,337	$ 3,292	$ 43,961	$ 4,129

The timing of revenue recognition, billings, and cash collections results in billed receivables, unbilled receivables, contract assets, and contract liabilities on the consolidated balance sheets. When consideration is received, or such consideration is unconditionally due, from a customer prior to transferring goods or services to the customer under the terms of a contract, a contract liability is recorded (under the caption deferred revenue). Contract liabilities are recognized as revenue after control of the products or services is transferred to the customer and all revenue recognition criteria have been met.

During the year ended December 31, 2021, the Company recorded a contract asset of $3.0 million for a probable development milestone pursuant to its license agreement with Viridian Therapeutics, Inc. (Viridian), which was subsequently achieved in April 2022. Pursuant to the Company's license agreement with Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. (Huadong), upon delivery of clinical materials in the nine months ended September 30, 2022, the Company recognized as license and milestone fee revenue the remaining $28.5 million of the deferred revenue balance as of December 31, 2021 related to the $45.0 million of upfront and development milestone payments previously received. Additionally, pursuant to a license agreement executed with Eli Lilly and Company (Lilly), during the nine months ended September 30, 2022, the Company received upfront payments of $19.5 million, of which $13.8 million was recognized as

license and milestone fee revenue and the remainder deferred, further details of which can be found in Note C, "Agreements." During the nine months ended September 30, 2022, the Company also recognized $12.5 million of previously deferred non-cash royalty revenue related to the sale of rights to KADCYLA royalties, further details of which can be found in Note E, "Liability Related to Sale of Future Royalties," and $2.9 million of license and milestone fee revenue related to numerous collaborators' rights to technological improvements that had been previously deferred, which includes $2.8 million related to Novartis Institutes for BioMedical Research, Inc.'s (Novartis) termination of certain of the license agreements between the Company and Novartis in August 2022, further details of which can be found in Note C, "Agreements."

During the nine months ended September 30, 2021, the Company recorded a contract asset of $2.5 million for a probable development milestone pursuant to its license agreement with Viridian, which was subsequently achieved in October 2021. During the nine months ended September 30, 2021, the Company also recorded $0.2 million as license and milestone fee revenue for delivery of certain materials to Viridian that had been previously deferred, and $0.2 million of license and milestone fee revenue related to numerous collaborators' rights to technological improvements that had been previously deferred. Additionally, during the nine months ended September 30, 2021, the Company recorded $3.7 million of previously deferred non-cash royalty revenue related to the sale of rights to KADCYLA royalties.

Financial Instruments and Concentration of Credit Risk

Cash and cash equivalents are primarily maintained with three financial institutions in the U.S. Deposits with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and, therefore, bear minimal risk. The Company's cash equivalents consist of money market funds with underlying investments primarily being U.S. Government-issued securities and high quality, short-term commercial paper. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents, and marketable securities. The Company held no marketable securities as of September 30, 2022 and December 31, 2021. The Company's investment policy, approved by the Board of Directors, limits the amount it may invest in any one type of investment, thereby reducing credit risk concentrations.

Cash and Cash Equivalents

The Company considers all highly liquid financial instruments with maturities of three months or less when purchased to be cash equivalents. As of September 30, 2022 and December 31, 2021, the Company held $309.5 million and $478.8 million, respectively, in cash and money market funds, which were classified as cash and cash equivalents.

Non-cash Investing and Financing Activities

The Company had $0.2 million of accrued capital expenditures as of September 30, 2022 and December 31, 2021, which have been treated as a non-cash investing activity and, accordingly, are not reflected in the consolidated statement of cash flows.

Fair Value of Financial Instruments

Fair value is defined under ASC 820, *Fair Value Measurements and Disclosures*, as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a hierarchy to measure fair value, which is based on three levels of inputs, of which the first two are considered observable and the last unobservable, as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As of September 30, 2022 and December 31, 2021, the Company held certain assets that are required to be measured at fair value on a recurring basis. The fair value of the Company's cash equivalents is based on quoted prices

from active markets (Level 1 inputs). The carrying amounts reflected in the consolidated balance sheets for accounts receivable, unbilled receivables, prepaid and other current assets, accounts payable, accrued compensation, and other accrued liabilities approximate fair value due to their short-term nature.

Common Stock Warrants

The Company accounts for common stock warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance included in ASC 480, *Distinguishing Liabilities from Equity* (ASC 480) and ASC 815, *Derivatives and Hedging* (ASC 815). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, whether the warrants meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own common stock and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance and remeasured each balance sheet date thereafter. Changes in the estimated fair value of the liability-classified warrants are recognized as a non-cash gain or loss in the accompanying consolidated statements of operations and comprehensive loss.

Computation of Net Loss per Common Share

Basic and diluted net loss per share is calculated based upon the weighted average number of shares of common stock outstanding during the period. Shares of the Company's common stock underlying pre-funded warrants are included in the calculation of basic and diluted earnings per share. During periods of income, participating securities are allocated a proportional share of income determined by dividing total weighted-average participating securities by the sum of the total weighted average common shares and participating securities (the two-class method). Shares of the Company's restricted stock participate in any dividends that may be declared by the Company and are therefore considered to be participating securities. Participating securities have the effect of diluting both basic and diluted earnings per share during periods of income. During periods of loss, no loss is allocated to participating securities since they have no contractual obligation to share in the losses of the Company. Diluted loss per share is computed after giving consideration to the dilutive effect of stock options, convertible notes, and restricted stock that are outstanding during the period, except where such non-participating securities would be anti-dilutive.

The Company's common stock equivalents, as calculated in accordance with the treasury-stock method for options and unvested restricted stock, and the if-converted method for the convertible notes, are shown in the following table (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Options outstanding to purchase common stock, shares issuable under the employee stock purchase plan, and unvested restricted stock/units at end of period	31,479	20,862	31,479	20,862
Common stock equivalents under treasury stock method for options, shares issuable under the employee stock purchase plan, and unvested restricted stock/units	2,246	2,116	1,437	2,743

The Company's common stock equivalents have not been included in the net loss per share calculation because their effect is anti-dilutive due to the Company's net loss position.

Stock-Based Compensation

As of September 30, 2022, the Company was authorized to grant future awards under three employee share-based compensation plans, which are the ImmunoGen, Inc. Amended and Restated 2018 Employee, Director and

Consultant Equity Incentive Plan (the 2018 Plan), the Employee Stock Purchase Plan (the ESPP), and the ImmunoGen Inducement Equity Incentive Plan (the Inducement Plan). At the annual meeting of shareholders on June 15, 2022, the 2018 Plan was amended to provide for the issuance of stock grants, the grant of options, and the grant of stock-based awards for up to an additional 13,000,000 shares of the Company's common stock, as well as up to 28,742,013 shares of common stock, which represent the number of shares of common stock remaining under the 2018 Plan as of April 1, 2022, and awards previously granted under the 2018 Plan and the Company's former stock-based plans, including the ImmunoGen, Inc. 2016 and 2006 Employee, Director and Consultant Equity Incentive Plans, that forfeit, expire, or cancel without delivery of shares of common stock or which resulted in the forfeiture of shares of common stock back to the Company subsequent to April 1, 2022. The Inducement Plan was approved by the Board of Directors in December 2019, and pursuant to subsequent amendments, provides for the issuance of non-qualified option grants for up to 10,500,000 shares of the Company's common stock. Options awarded under the two plans are granted with an exercise price equal to the market price of the Company's stock at the date of grant. Options vest at various periods of up to four years and may be exercised within ten years of the date of grant under each of these plans.

The stock-based awards are accounted for under ASC 718, *Compensation—Stock Compensation* (ASC 718). Pursuant to ASC 718, the estimated grant date fair value of awards is charged to the statement of operations over the requisite service period, which is the vesting period. The fair value of each stock option is estimated on the date of grant using the Black-Scholes option-pricing model with the weighted-average assumptions noted in the following table. As the Company has not paid dividends since inception, nor does it expect to pay any dividends for the foreseeable future, the expected dividend yield assumption is zero. Expected volatility is based exclusively on historical volatility of the Company's stock. The expected term of stock options granted is based exclusively on historical data and represents the period of time that stock options granted are expected to be outstanding. The expected term is calculated for and applied to one group of stock options as the Company does not expect substantially different exercise or post-vesting termination behavior among its option recipients. The risk-free rate of the stock options is based on the U.S. Treasury rate in effect at the time of grant for the expected term of the stock options.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Dividend	None	None	None	None
Volatility	83.3%	82.7%	83.2%	85.2%
Risk-free interest rate	3.44%	0.95%	2.48%	0.68%
Expected life (years)	5.6	6.0	5.9	6.0

Using the Black-Scholes option-pricing model, the weighted-average grant date fair values of options granted during the three months ended September 30, 2022 and 2021 were $3.62 and $3.99 per share, respectively, and $3.58 and $5.34 for options granted during the nine months ended September 30, 2022 and 2021, respectively.

A summary of option activity under the Company's equity plans for the nine months ended September 30, 2022 is presented below (in thousands, except weighted-average data):

	Number of Stock Options	Weighted-Average Exercise Price
Outstanding at December 31, 2021	21,219	$ 6.28
Granted	11,290	5.05
Exercised	(280)	3.82
Forfeited/Canceled	(825)	9.46
Outstanding at September 30, 2022	31,404	$ 5.78

In 2020, the Company issued 2.6 million performance-based stock options to certain employees that will vest upon the achievement of specified performance goals. Upon assessment of the performance-based stock option awards as of December 31, 2021, the Company determined the first performance goal to be probable of vesting and, as such, recorded $2.6 million of stock-based compensation expense for the year ended December 31, 2021. In May 2022, the first performance goal was achieved, resulting in the vesting of 25% of the 2.6 million performance-based stock options. The fair value of the remaining unvested performance-based stock options that could be expensed in future periods is $7.8 million.

A summary of restricted stock unit activity under the Company's equity plans for the nine months ended September 30, 2022 is presented below (in thousands, except weighted-average data):

	Number of Restricted Stock Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2021	77	$ 5.59
Vested	(2)	2.53
Unvested at September 30, 2022	75	$ 5.68

In June 2018, the Company's Board of Directors, with shareholder approval, adopted the Employee Stock Purchase Plan (ESPP). Following the automatic share increase on January 1, 2021, pursuant to the ESPP's "evergreen" provision, an aggregate of 2,000,000 shares of common stock have been reserved for issuance under the ESPP. ESPP purchase periods are six months and begin on January 1 and July 1 of each year, with purchase dates occurring on the final business day of the given purchase period. The fair value of each ESPP award is estimated on the first day of the offering period using the Black-Scholes option-pricing model. The Company recognizes share-based compensation expense equal to the fair value of the ESPP awards on a straight-line basis over the offering period.

Stock compensation expense related to stock options and restricted stock unit awards granted under the stock plans and the ESPP was $5.3 million and $14.3 million during the three and nine months ended September 30, 2022, respectively, compared to stock compensation expense of $3.3 million and $10.6 million for the three and nine months ended September 30, 2021, respectively. As of September 30, 2022, the estimated fair value of unvested employee awards, exclusive of performance awards, was $54.3 million. The weighted-average remaining vesting period for these awards is approximately three years.

Segment Information

During all periods presented, the Company continued to operate in one reportable business segment under the management approach of ASC 280, *Segment Reporting*, which is the business of the discovery and development of ADCs for the treatment of cancer.

During the three months ended September 30, 2022, 52%, 30% and 18% of revenues were from Roche, Lilly, and Novartis, respectively, compared to 71% and 28% of revenue from Roche and Viridian, respectively, during the three months ended September 30, 2021. During the nine months ended September 30, 2022, 43%, 32%, and 20% of revenues were from Huadong, Roche, and Lilly, respectively, compared to 93% of revenues from Roche in the nine months ended September 30, 2021. Revenue from Roche in all periods consisted of non-cash royalty revenue. There were no other customers of the Company that generated significant revenues in the three and nine months ended September 30, 2022 and 2021.

Recently Adopted Accounting Pronouncements

There were no recently issued or effective FASB Accounting Standards Updates (ASUs) that had, or are expected to have, a material effect on the Company's results of operations, financial condition, or liquidity.

C. Agreements

Significant Collaborative Agreements

Lilly

In February 2022, the Company entered into a license agreement with Lilly, pursuant to which the Company granted Lilly worldwide exclusive rights to research, develop, and commercialize antibody-drug conjugates based on the Company's novel camptothecin technology. Under the terms of the license agreement, the Company received a non-refundable upfront payment of $13.0 million, reflecting initial targets selected by Lilly. In August 2022, pursuant to the terms of the agreement, Lilly selected an additional target for which the Company received a $6.5 million payment. Lilly may select a pre-specified number of additional targets, with the Company eligible to receive an additional $26.0 million in exercise fees if Lilly licenses the full number of remaining additional targets over a specified period following the effective date of the license agreement, with the potential for up to $1.7 billion in development and sales-based milestone payments if all targets are selected and all milestones are realized. In addition, the Company is entitled to receive tiered

royalties, on a product-by-product basis, as a percentage of worldwide annual net sales by Lilly, based on certain net sales thresholds. Lilly is responsible for all costs associated with the research, development, and commercialization of any ensuing products.

The Company evaluated the agreement and determined it was within the scope of ASC 606. The Company determined the promised goods and services included an exclusive license to use the Company's intellectual property and know-how to research, develop, and commercialize products related to each of the initial targets selected by Lilly. Each of these licenses is distinct, as Lilly can derive benefit from each license independent of any other initial target licenses. Accordingly, the license to each of the initial targets selected by Lilly represents a separate performance obligation. Lilly has the right to replace each of the initial licensed targets once during a specified term for no additional consideration. If Lilly fails to advance an initial or replacement target to a specified stage within a specified period from the date the target was selected, Lilly's rights to the respective target will cease and will revert back to the Company. The Company determined Lilly's right to a replacement target for each of the initial targets represented a material right. Each material right is therefore a separate performance obligation.

Lilly's right to select additional targets does not represent a material right as the target fee for each additional target is the same and is also consistent with the target fee for each of the initial targets selected by Lilly. Accordingly, each additional target selected by Lilly is accounted for as a separate arrangement.

The transaction price related to the initial targets was determined to consist of the upfront payment of $13.0 million. Future development milestones have been fully constrained. Any consideration related to sales-based milestones (including royalties) will be recognized when the related sales occur as these amounts have been determined to relate predominantly to the license granted to Lilly. The transaction price of $13.0 million was allocated to the performance obligations based on their relative stand-alone selling prices. In consideration of each target being at the same stage of development at the time of the initial license or at the time of replacement and each target having approximately the same earnings potential, the Company allocated the $13.0 million transaction price equally across the initial target licenses and the corresponding material rights to obtain licenses to replacement targets, adjusted based on the probability that Lilly would exercise those rights. The Company considered pharmaceutical industry data of the probability of early-stage assets to advance to clinical stage in determining the probability that Lilly would exercise its option to a replacement target. Accordingly, $9.2 million and $3.8 million of the total transaction price was allocated to the initial targets and the material rights to obtain licenses to replacement targets, respectively.

The license terms and accounting outlined above are the same for the additional target license selected. Accordingly, $4.6 million and $1.9 million of the $6.5 million transaction price was allocated to the target selected and the material right to obtain a license to a replacement target, respectively.

The Company re-evaluates the transaction price for each arrangement, including its estimated variable consideration included in the transaction price and all constrained amounts, at each reporting period and as uncertain events are resolved or other changes in circumstances occur.

The transfer of intellectual property and know-how to Lilly to allow for Lilly to derive benefit from the initial and additional target licenses was completed during the three months ended March 31, 2022. As such, during the nine months ended September 30, 2022, the Company recognized $13.8 million of license and milestone fee revenue related to the portion of the transaction price allocated to the initial and additional target licenses. The $5.7 million allocated to the material rights to obtain licenses to replacement targets is included in long-term deferred revenue as of September 30, 2022 and will be recognized when the right is either exercised or expires.

Roche

In 2000, the Company granted Genentech, now a unit of Roche, an exclusive development and commercialization license to use the Company's maytansinoid ADC technology. Pursuant to this agreement, Roche developed and received marketing approval for its HER2-targeting ADC, KADCYLA, in the U.S., Japan, the European Union, and numerous other countries. In accordance with the Company's revenue recognition policy, $21.5 million and $38.8 million of non-cash royalties on net sales of KADCYLA were recognized and included in non-cash royalty revenue for the nine months ended September 30, 2022 and 2021, respectively. The Company sold its rights to receive royalty payments on the net sales of KADCYLA through two separate transactions in 2015 and 2019. Following the 2019 transaction, OMERS, the defined benefit pension plan for municipal employees in the Province of Ontario, Canada, is entitled to receive all of these royalties.

Huadong

In October 2020, the Company entered into a collaboration and license agreement with Huadong. The collaboration and license agreement grants Huadong an exclusive, royalty-bearing, and sublicensable right to develop and commercialize mirvetuximab soravtansine (the Licensed Product) in the People's Republic of China, Hong Kong, Macau, and Taiwan (collectively, Greater China). The Company retains exclusive rights to the Licensed Product outside of Greater China. Under the terms of the collaboration and license agreement, the Company received a non-refundable upfront payment of $40.0 million with the potential for approximately $265.0 million in development, regulatory, and sales-based milestone payments. In December 2021, the Company received a $5.0 million payment upon achievement of a development milestone.

The Company determined that revenue related to the agreement would be recognized as the clinical supply of the Licensed Product is delivered to Huadong, estimated to be completed over approximately two years. Accordingly, based on clinical supply delivered to Huadong during the nine months ended September 30, 2022, the Company recorded the remaining $28.5 million of deferred revenue as of December 31, 2021 related to the $45.0 million of upfront and development milestone payments previously received.

Viridian

In October 2020, the Company entered into a license agreement with Viridian pursuant to which the Company granted Viridian the exclusive right to develop and commercialize an insulin-like growth factor-1 receptor (IGF-1R) antibody for all non-oncology indications that do not use radiopharmaceuticals in exchange for an upfront payment, with the potential to receive up to a total of $143.0 million in development, regulatory, and sales-based milestone payments plus royalties on the commercial sales of any resulting product. In the three months ended December 31, 2021, a $3.0 million development milestone became probable of being achieved, which was allocated to the previously delivered license and recognized as revenue as a component of license and milestone fees for the three months ended December 31, 2021. The development milestone was subsequently achieved in April 2022.

Novartis

The Company previously granted Novartis exclusive development and commercialization licenses to the Company's maytansinoid and IGN ADC technology for use with antibodies to specified targets under a now-expired right-to-test agreement established in 2010. In August 2022, Novartis terminated certain of the remaining development and commercialization licenses. The Company had $2.8 million of deferred revenue associated with the terminated licenses related to the portion of the transaction price previously allocated to rights to future technological improvements. In consideration that no technological improvements would be provided to Novartis and, therefore, no unsatisfied obligations were remaining related to such licenses, the $2.8 million was recorded as revenue and is included in license and milestone fees for the three and nine months ended September 30, 2022. With respect to the remaining license, $0.8 million of deferred revenue related to the portion of the transaction price previously allocated to rights to future technological improvements continues to be amortized over the remaining estimated term of the license agreement, and we are entitled to receive up to a total of $199.5 million in potential milestone payments, of which $5 million has been received to date, plus royalties on the commercial sales of any resulting products.

For additional information related to these agreements, as well as the Company's other significant collaborative agreements, please read Note C, "Agreements - Significant Collaborative Agreements," to the audited financial statements included within the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on February 28, 2022.

D. Liability Related to Sale of Future Royalties

In 2015, Immunity Royalty Holdings, L.P. (IRH) purchased the right to receive 100% of the royalty payments on commercial sales of KADCYLA arising under the Company's development and commercialization license with Genentech, until IRH had received aggregate royalties equal to $235.0 million or $260.0 million, depending on when the aggregate royalties received by IRH reach a specified milestone. Once the applicable threshold was met, the Company would thereafter have received 85% and IRH would have received 15% of the KADCYLA royalties for the remaining royalty term. At the consummation of the transaction, the Company received cash proceeds of $200 million. As part of this sale, the Company incurred $5.9 million of transaction costs, which are presented net of the liability in the

accompanying consolidated balance sheet and are being amortized to interest expense over the estimated life of the royalty purchase agreement. Although the Company sold its rights to receive royalties from the sales of KADCYLA, as a result of its then ongoing involvement in the cash flows related to these royalties, the Company continues to account for these royalties as revenue and recorded the $200.0 million in proceeds from this transaction as a liability related to sale of future royalties (Royalty Obligation) that is being amortized using the interest method over the estimated life of the royalty purchase agreement.

In January 2019, the Company sold its residual rights to receive royalty payments on commercial sales of KADCYLA to OMERS for a payment of $65.2 million (amount is net of $1.5 million in broker fees). Simultaneously, OMERS purchased IRH's right to the royalties the Company previously sold to IRH as described above, therefore obtaining the rights to 100% of the royalties received from that date on. Because the Company will not be involved with the cash flows related to the residual royalties, the $65.2 million of net proceeds received from the sale of its residual rights to receive royalty payments was recorded as deferred revenue and will be amortized as the royalty revenue related to the residual rights is earned using the units of revenue approach. During the second quarter of 2021, the aggregate royalty threshold was met and, in accordance with the Company's revenue recognition policy, $12.5 million and $3.7 million of revenue related to the residual rights was recognized and is included in non-cash royalty revenue for the nine months ended September 30, 2022 and 2021, respectively. Additionally, the purchase of IRH's interest by OMERS did not result in an extinguishment or modification of the original instrument and, accordingly, the Company continues to account for the remaining obligation as a liability as outlined above.

The following table shows the activity within the liability account during the nine-month period ended September 30, 2022 (in thousands):

	Nine Months Ended September 30, 2022
Liability related to sale of future royalties, net — beginning balance	$ 41,044
Proceeds from sale of future royalties, net	—
KADCYLA royalty payments received and paid	(9,690)
Non-cash interest expense recognized	3,194
Liability related to sale of future royalties, net — ending balance	$ 34,548

The Company receives royalty reports and royalty payments related to sales of KADCYLA from Roche one quarter in arrears. As royalties are remitted to OMERS, the balance of the Royalty Obligation will be effectively repaid over the life of the agreement. In order to determine the amortization of the Royalty Obligation, the Company is required to estimate the total amount of future royalty payments to be received and remitted as noted above over the life of the agreement. The sum of these amounts less the $200 million proceeds the Company received from IRH will be recorded as interest expense over the life of the Royalty Obligation. Since inception, the Company's estimate of this total interest expense has resulted in an imputed annual interest rate of 10.5%, and a current imputed interest rate of 8.7% as of September 30, 2022. The Company periodically assesses the estimated royalty payments to IRH/OMERS, and to the extent such payments are greater or less than its initial estimates, or the timing of such payments is materially different than its original estimates, the Company will prospectively adjust the amortization of the Royalty Obligation. There are a number of factors that could materially affect the amount and timing of royalty payments from Genentech, most of which are not within the Company's control. Such factors include, but are not limited to, changing standards of care, the introduction of competing products, manufacturing or other delays, biosimilar competition, patent protection, adverse events that result in governmental health authority imposed restrictions on the use of the drug products, significant changes in foreign exchange rates as the royalties are paid in U.S. dollars (USD) while significant portions of the underlying sales of KADCYLA are made in currencies other than USD, and other events or circumstances that could result in reduced royalty payments from KADCYLA, all of which would result in a reduction of non-cash royalty revenues and the non-cash interest expense over the life of the Royalty Obligation. Conversely, if sales of KADCYLA are more than expected, the non-cash royalty revenues and the non-cash interest expense recorded by the Company would be greater over the term of the Royalty Obligation.

E. Income Taxes

As part of the Tax Cuts and Jobs Act of 2017 (TCJA), beginning with the 2022 tax year, the Company is required to capitalize research and development expenses, as defined under Internal Revenue Code section 174. For expenses that are incurred for research and development in the U.S., the amounts will be amortized over five years, and expenses that

are incurred for research and experimentation outside the U.S. will be amortized over 15 years. The Company expects that this provision will result in a significant decrease to its 2022 tax loss, but will not result in an actual tax liability for 2022.

During the nine months ended September 30, 2022, the Company transferred certain of its intellectual property rights to a newly formed Swiss subsidiary. This transfer resulted in a significant income inclusion for U.S. tax purposes which has been completely offset by utilization of a portion of the Company's net operating loss carryforwards that existed before the transaction, resulting in no income tax.

F. Capital Stock

Pre-Funded Warrants

On August 11, 2021, the Company entered into a Securities Purchase Agreement (SPA) with RA Capital Healthcare Fund, L.P. (RA Capital), pursuant to which the Company agreed to sell to RA Capital a pre-funded warrant to purchase up to an aggregate of 5,434,782 shares of the Company's common stock for $5.51 per share of common stock underlying the pre-funded warrant. The per share exercise price of the pre-funded warrant is $0.01. The private placement resulted in aggregate net proceeds of $29.7 million.

In connection with a public offering in December 2021, the Company issued pre-funded warrants to purchase up to an aggregate of 16,000,000 and 11,363,636 shares of the Company's common stock to RA Capital and Redmile Group, LLC, respectively, for $6.59 per share of common stock underlying the pre-funded warrants, which, together with the per share exercise price of $0.01, is equal to $6.60, the public offering price of the shares of common stock in the public offering, which resulted in aggregate net proceeds of $169.3 million. RA Capital and Redmile Group, LLC are each considered related parties pursuant to ASC 850, *Related Party Disclosures*.

The pre-funded warrants' fundamental transaction provision does not provide the warrant holders with the option to settle any unexercised warrants for cash in the event of any fundamental transactions; rather, in all fundamental transaction scenarios, the warrant holder will only be entitled to receive from the Company or any successor entity the same type or form of consideration (and in the same proportion) that is being offered and paid to the shareholders of the Company in connection with the fundamental transaction, whether that consideration be in the form of cash, stock or any combination thereof. The pre-funded warrants also include a separate provision whereby the exercisability of the warrants may be limited if, upon exercise, the warrant holder or any of its affiliates would beneficially own more than 9.99% of the Company's common stock. This threshold is subject to the holder's rights under the pre-funded warrants to increase or decrease such percentage to any other percentage not in excess of 19.99% upon at least 61 days' prior notice from the holder to the Company.

The Company assessed the pre-funded warrants for appropriate equity or liability classification pursuant to the Company's accounting policy described in Note B, "Summary of Significant Accounting Policies." During this assessment, the Company determined the pre-funded warrants are freestanding instruments that do not meet the definition of a liability pursuant to ASC 480 and do not meet the definition of a derivative pursuant to ASC 815. The pre-funded warrants are indexed to the Company's common stock and meet all other conditions for equity classification under ASC 480 and ASC 815. Based on the results of this assessment, the Company concluded that the pre-funded warrants are freestanding equity-linked financial instruments that meet the criteria for equity classification under ASC 480 and ASC 815. Accordingly, the pre-funded warrants were classified as equity and accounted for as a component of additional paid-in capital at the time of issuance and at each subsequent balance sheet date. The Company also determined that the pre-funded warrants should be included in the determination of basic and diluted earnings per share in accordance with ASC 260, *Earnings per Share*.

Compensation Policy for Non-Employee Directors

Pursuant to the Compensation Policy for Non-Employee Directors, as amended, non-employee directors are granted deferred share units upon initial election to the Board of Directors and annually thereafter. Initial awards and annual retainers vest quarterly over approximately three years and one year from the date of grant, respectively, contingent upon the individual remaining a director of ImmunoGen as of each vesting date. The number of deferred share units awarded is fixed per the policy on the date of the award. All unvested deferred share units will automatically vest immediately prior to the occurrence of a change of control. The redemption amount of deferred share units issued will be paid in shares of common stock of the Company on the date a director ceases to be a member of the Board of Directors.

Pursuant to the Compensation Policy for Non-Employee Directors, as amended, non-employee directors also receive stock option awards upon initial election to the Board of Directors and annually thereafter. The directors received a total of approximately 322,000 and 352,000 options in 2022 and 2021, respectively, and the related compensation expense for the three and nine months ended September 30, 2022 and 2021 is included in the amounts discussed in the "Stock-Based Compensation" section of Note B above.

G. Leases

The Company currently has one real estate lease for the rental of approximately 120,000 square feet of laboratory and office space at 830 Winter Street, Waltham, Massachusetts through March 2026. In 2020, the Company executed four subleases for approximately 65,000 square feet of this space in the aggregate through the remaining initial term of the lease. During the nine months ended September 30, 2022 and 2021, the Company recorded sublease income of $2.4 million and $3.7 million, respectively, inclusive of the sublessees' proportionate share of operating expenses and real estate taxes for the period. The decrease in the current year period is driven by amortization of the lease incentive discussed further below.

In June 2022, in order to reclaim laboratory and office space, the Company modified one of its sublease agreements to terminate the sublease early, targeting an end date of March 31, 2023. Pursuant to the amended sublease agreement, the Company is required to pay the sublessee $3.5 million as a lease incentive, of which $1.8 million was paid in June 2022 and the remainder will be paid at the end of the sublease term. No other terms from the original sublease agreement were modified. In accordance with ASC 842, *Leases*, the $3.5 million lease incentive is being recognized on a straight-line basis over the remaining sublease term. As a result of the early termination, the Company will forego $2.1 million in minimum future rental payments. The Company assessed the underlying right-of-use asset and determined there was no impairment.

Except as disclosed above, there have been no other material changes in lease obligations from those disclosed in Note J, "Leases," to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

H. Commitments and Contingencies

Research Collaboration Agreement

In June 2022, the Company entered into a research collaboration agreement with Oxford BioTherapeutics Ltd (OBT) to develop novel ADCs utilizing the Company's linker-payload technology directed to targets identified via OBT's proprietary OGAP® discovery platform. Under the terms of the agreement, OBT received a non-refundable $7.5 million upfront payment reflecting OBT's preclinical programs to be included in the collaboration. Additionally, over the initial three-year term of the agreement, the Company is committed to reimbursing OBT up to $2.8 million annually to support research activities dependent on the number of active programs. Otherwise, each party is responsible for its own costs associated with the joint research plan. After antibodies generated by OBT have been conjugated with the Company's proprietary linker-payload technology, each party will have the opportunity to select one or more development programs to further develop on its own. Each party will be eligible to receive milestone payments based on the achievement of pre-specified development and regulatory milestones, as well as tiered royalties as a percentage of worldwide commercial sales, with respect to each program selected by the other party. Once a party has selected a given program, it will be solely responsible for all research and development costs associated with that specific program. If at the end of the initial three-year term, either party elects not to extend the research term, predetermined opt-out fees may apply based on the number of programs selected for further development by each party. At any time starting twelve months after the effective date of the agreement, the Company may terminate the agreement in its sole discretion upon 90 days written notice to OBT. Otherwise, the agreement may be terminated by either party for a material breach by the other party, subject to notice and cure provisions.

In accordance with ASC 730, *Research and Development*, the $7.5 million upfront payment made to OBT was expensed as incurred and is included in research and development expense for the nine months ended September 30, 2022. The committed reimbursement to OBT and other research costs will be expensed as incurred over the research term, with $0.6 million recorded as research and development expenses during the three and nine months ended September 30, 2022.

Manufacturing Commitments

As of September 30, 2022, the Company had noncancelable obligations under several agreements related to in-process and future manufacturing of antibody, drug substance, and cytotoxic agents required for supply of the Company's product candidates totaling $14.6 million. Additionally, pursuant to commercial agreements for future production of antibody, our noncancelable commitments total $40.6 million at September 30, 2022.

Litigation

The Company is not a party to any material litigation.

I. Related Party Transactions

The Company's chief executive officer has served as a director on the board of directors of Ergomed PLC since June 2021. During the nine months ended September 30, 2022, the Company executed agreements with Ergomed Clinical Research, Inc. and PrimeVigilance USA, Inc., subsidiaries of Ergomed PLC, for clinical trial and pharmacovigilance-related services. Ergomed Clinical Research, Inc. and PrimeVigilance USA, Inc. are each considered related parties pursuant to ASC 850, *Related Party Disclosures*. In the nine months ended September 30, 2022, the Company made payments totaling $3.9 million to Ergomed Clinical Research, Inc. Payments made pursuant to the agreement with PrimeVigilance USA, Inc. during the nine months ended September 30, 2022 were not material to the Company's consolidated statement of operations.

J. Subsequent Events

The Company has evaluated all events or transactions that occurred after September 30, 2022, up through the date the Company issued these financial statements. The Company did not have any material subsequent events.

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

The following information should be read in conjunction with the unaudited financial statements and the notes thereto included elsewhere in this report, and the consolidated financial statements and notes thereto for the year ended December 31, 2021, and the related Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the United States Securities and Exchange Commission, or the SEC, on February 28, 2022.

OVERVIEW

We are a clinical-stage biotechnology company focused on developing and commercializing the next generation of antibody-drug conjugates (ADCs) to improve outcomes for cancer patients. By generating targeted therapies with enhanced anti-tumor activity and favorable tolerability profiles, we aim to disrupt the progression of cancer and offer patients more good days. We call this our commitment to "target a better now."

An ADC with our proprietary technology comprises an antibody that binds to a target found on tumor cells and is conjugated to one of our potent anti-cancer agents as a "payload" to kill the tumor cell once the ADC has bound to its target. ADCs are an expanding approach to the treatment of cancer, with twelve approved products and the number of agents in development growing significantly in recent years.

We have established a leadership position in ADCs with a portfolio of differentiated product candidates to address both solid tumors and hematological malignancies.

Our business

Our lead program is mirvetuximab soravtansine (MIRV), a first-in-class investigational ADC targeting FRα, a cell-surface protein over-expressed in a number of epithelial tumors, including ovarian, endometrial, and non-small-cell lung cancers. Following consultation with the FDA, we initiated two trials of MIRV in patients with platinum-resistant ovarian cancer whose tumors express high levels of FRα: SORAYA, a single-arm clinical trial that could lead to accelerated approval, pending FDA review; and MIRASOL, a randomized Phase 3 clinical trial that, if successful, could lead to full approval in this setting. In November 2021, we reported positive top-line data from SORAYA with an overall response rate (ORR) by investigator of 32.4%. At the Society of Gynecologic Oncology (SGO) 2022 Annual Meeting in March 2022, we reported the full data set from SORAYA, including the median duration of response of 6.9

months. In March 2022, we submitted a biologics license application (BLA) to the FDA for accelerated approval of MIRV in second through fourth-line patients with FRα-positive, platinum-resistant ovarian cancer. The FDA accepted the BLA under Priority Review designation in May 2022 and set a Prescription Drug User Fee Act (PDUFA) action date of November 28, 2022. In June 2022, we presented additional efficacy and safety analyses from the MIRV program at the American Society of Clinical Oncology and in July 2022, we completed enrollment in MIRASOL and expect to report top-line data from this study in early 2023.

Beyond platinum-resistant ovarian cancer, our strategy is to develop and investigate MIRV for platinum-sensitive disease, with the goal to position the product as the combination agent of choice in ovarian cancer. To this end, we initiated PICCOLO, a single-arm study of MIRV monotherapy in later-line platinum-sensitive patients. We have also generated encouraging data in recurrent platinum-sensitive disease with the combination of MIRV plus carboplatin and we are supporting investigator sponsored trials (ISTs) with this combination in a single-arm study in the neoadjuvant setting and in a randomized study comparing MIRV combined with carboplatin to standard of care in patients with recurrent platinum-sensitive disease. We are also initiating a single-arm Phase 2 study (0420) of this combination followed by MIRV continuation in FRα-low, medium, and high patients with platinum-sensitive disease. Results from this study and our ongoing ISTs will inform a path to the potential registration for MIRV plus carboplatin and, in parallel, could support compendia listing for this combination.

In addition, we have generated data from our Phase 1b FORWARD II trial of MIRV plus AVASTIN® (bevacizumab) in recurrent ovarian cancer and believe these data could support compendia listing for this combination in close proximity to the initial monotherapy approval of MIRV. Furthermore, we have designed GLORIOSA, a randomized Phase 3 study of MIRV plus bevacizumab maintenance in FRα-high recurrent platinum-sensitive disease, based on FDA feedback and have initiated this study, which we believe could support potential label expansion.

Pivekimab sunirine (PVEK), our product candidate formerly known as IMGN632, is an ADC comprised of a high-affinity antibody designed to target CD123 with site-specific conjugation to a DNA-alkylating payload of the novel IGN (indolinobenzodiazepine pseudodimer) class. Our IGNs are designed to alkylate DNA without cross-linking, which has provided a broad therapeutic index in preclinical models. We are advancing PVEK in clinical trials for patients with blastic plasmacytoid dendritic cell neoplasm (BPDCN) and acute myeloid leukemia (AML).

BPDCN is a rare form of blood cancer, with an annual incidence of between 500 and 1,000 patients in the US. In October 2020, the FDA granted Breakthrough Therapy designation for PVEK for the treatment of patients with relapsed or refractory BPDCN. Based on feedback from the FDA, we amended our ongoing 801 Phase 2 study, known as CADENZA, to include a new cohort of up to 20 frontline BPDCN patients.

The CADENZA study enrolled frontline BPDCN patients with de novo disease and those with a prior or concomitant hematologic malignancy (PCHM). Although complete responses have been observed in BPDCN patients who present with PCHM, most will not achieve full hematologic recovery due to the impact of their prior or concomitant malignancy. For these patients, we believe that achieving a complete response with partial hematological recovery (CRh) is a potentially important measure of clinical benefit.

In data from the first ten patients in the pivotal CADENZA frontline cohort, we observed: 2 of 4 de novo patients achieved CR (complete response)/CRc (clinical complete response); and 4 of 6 PCHM patients achieved CR/CRc/CRh. In addition, in three frontline patients (2 de novo, 1 PCHM) enrolled prior to the opening of the pivotal cohort, all three patients achieved CR/CRc.

A Type B meeting was held in August 2022 regarding these initial data from the CADENZA study. Based on FDA feedback on study design provided in this meeting, the efficacy analysis will be conducted in de novo BPDCN patients with CR/CRc as the primary endpoint and the key secondary endpoint of duration of CR/CRc. We will enroll up to 20 de novo patients for purposes of the efficacy analysis. We will also continue to enroll PCHM patients in CADENZA to further evaluate PVEK in this population. Given this is an ultra-rare disease, the Company expects to report top-line data on the primary and key secondary endpoints in 2024.

We are also conducting our 802 study for PVEK, which is a Phase 1b/2 study designed to determine the safety, tolerability, and preliminary antileukemia activity of PVEK when administered in combination with azacytidine and venetoclax to patients with relapsed and frontline CD123-positive AML. Having identified the recommended Phase 2

dose for the triplet, patients are accruing in both expansion cohorts and we expect to share initial data from these cohorts at the American Society of Hematology Annual Meeting later this year.

In addition, we are advancing our earlier-stage pipeline programs. IMGC936 is an ADC in co-development with MacroGenics, Inc. that is designed to target ADAM9, an enzyme over-expressed in a range of solid tumors and implicated in tumor progression and metastasis. IMGC936 incorporates a number of innovations, including antibody engineering to extend half-life, site-specific conjugation with a fixed drug-antibody ratio to enable higher dosing, and a next-generation linker and payload designed for improved stability and bystander activity. We continue to enroll patients in the Phase 1 study for this program and expect initial data in the fourth quarter of 2022.

IMGN151 is our next generation anti-FRα product candidate in development. This ADC integrates innovation in each of its components, which we believe may enable IMGN151 to address patient populations with lower levels of FRα expression, including tumor types outside of ovarian cancer. In January 2022, we submitted an IND application to evaluate IMGN151 in a planned Phase 1 clinical trial in patients with recurrent endometrial cancer and recurrent, high-grade serous epithelial ovarian, primary peritoneal, or fallopian tube cancers. In February 2022, the FDA placed a hold on our IND application pending responses to certain chemistry, manufacturing, and controls information requests. We submitted responses, have received a "Study-May-Proceed" letter from FDA, and anticipate enrolling our first patient in the fourth quarter of 2022.

We have selectively licensed restricted access to our ADC platform technology to other companies to expand the use of our technology and to provide us with cash to fund our own product programs. These agreements typically provide the licensee with rights to use our ADC platform technology with its antibodies or related targeting vehicles to a defined target to develop products. The licensee is generally responsible for the development, clinical testing, manufacturing, registration, and commercialization of any resulting product candidate. As part of these agreements, we are generally entitled to receive upfront fees, potential milestone payments, and royalties on the sales of any resulting products.

In February 2022, we entered into a license agreement with Lilly, pursuant to which the Company granted Lilly worldwide exclusive rights to research, develop, and commercialize ADCs based on the Company's novel camptothecin technology. Additionally, in June 2022, we entered into a research collaboration agreement with OBT to develop novel ADCs utilizing the Company's linker-payload technology directed to targets identified via OBT's proprietary OGAP® discovery platform. After antibodies generated by OBT have been conjugated with ImmunoGen's proprietary linker-payload technology, each company will have the opportunity to select one or more development programs to further develop on its own. For more information concerning these relationships, including their ongoing financial and accounting impact on our business, please read Note C, "Significant Collaborative Agreements," and Note H, "Commitments and Contingencies," to our consolidated financial statements included in this report.

As of September 30, 2022, we have not generated revenues from commercial sales of internal products, and we expect to continue to incur significant operating expenses related to research and development and the commercialization of our portfolio over the next several years. As of September 30, 2022, we had $309.5 million in cash and cash equivalents compared to $478.8 million as of December 31, 2021. We expect to raise additional funds through equity, debt, and other financings or generate revenues from product sales of MIRV, if approved, as well as revenues from collaborations through a combination of upfront license payments, milestone payments, royalty payments, and research funding to support our planned operating activities. We cannot provide assurance that we will be able to obtain additional debt, equity, or other financing or generate revenues from product sales of MIRV, if approved, or from collaborations on terms acceptable to us or at all. The failure to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on our business, results of operations, and financial condition and require us to defer or limit some or all of our research, development, and/or clinical projects, including trials to support potential label expansion of MIRV.

Managing the impact of the COVID-19 pandemic

Since the first quarter of 2020, although we have experienced some delays or disruptions due to the COVID-19 pandemic, we have successfully continued to move our clinical studies forward while adapting to meet the evolving challenges of the pandemic. We implemented business continuity plans in March 2020 that enabled our workforce to remain productive while working from home until mid-September 2021, at which time our workforce returned to the office. From a regulatory perspective, since the beginning of the pandemic, we have received timely reviews of our submissions to the FDA and other health authorities covering our clinical trial applications, as well as timely acceptance by the FDA of our BLA submitted in March 2022 for accelerated approval of MIRV. From a manufacturing and supply

chain perspective, we believe we have sufficient inventory on hand for all of our ongoing and near-term studies and to support the launch of MIRV, if approved.

Critical accounting policies and estimates

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires us to make certain estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reported periods. These items are monitored and analyzed by management for changes in facts and circumstances, and material changes in these estimates could occur in the future. Changes in estimates are reflected in reported results for the period in which the change occurs. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from our estimates if past experience or other assumptions do not turn out to be substantially accurate.

We believe that our application of the following accounting policies, each of which requires significant judgments and estimates on the part of management, are the most critical to aid in fully understanding and evaluating our reported financial results:

- revenue recognition;
- clinical trial accruals; and
- stock-based compensation.

During the three and nine months ended September 30, 2022, there were no material changes to our critical accounting policies and estimates as reported in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 28, 2022.

RESULTS OF OPERATIONS

Revenues

For the three months ended September 30, 2022, our total revenues increased $6.2 million compared to the three months ended September 30, 2021, driven by increases in license and milestone fees and non-cash royalty revenue. For the nine months ended September 30, 2022, our total revenues increased $25.8 million compared to the nine months ended September 30, 2021, driven primarily by an increase in license and milestone fees, partially offset by lower non-cash royalty revenue. See further discussion below.

License and milestone fees

The amount of license and milestone fees we earn is directly related to the number of our collaborators, the advancement of product candidates covered by the agreements with our collaborators, and the overall success in the clinical trials of these product candidates. As such, the amount of license and milestone fees recognized may vary significantly from quarter to quarter and year to year. License and milestone fee revenue increased $4.7 million and $42.2 million in the three and nine months ended September 30, 2022, respectively, compared to the three and nine months ended September 30, 2021. Driving the increases, pursuant to our license agreement with Huadong executed in October 2020, upon delivery of clinical supply in the nine months ended September 30, 2022, we recognized $28.5 million of the remaining deferred revenue balance as of December 31, 2021 related to upfront and development milestone payments previously received. Additionally, pursuant to a license agreement executed with Lilly in February 2022, during the three and nine months ended September 30, 2022, we recognized $4.6 million and $13.8 million, respectively, of upfront payments received.

Non-cash royalty revenue related to the sale of future royalties

KADCYLA® is a marketed ADC resulting from one of our development and commercialization licenses with Roche, through its Genentech unit. We receive royalty reports and payments related to sales of KADCYLA from Roche one quarter in arrears. We sold our rights to receive royalty payments on the net sales of KADCYLA through two separate transactions in 2015 and 2019. In accordance with our revenue recognition policy, $8.0 million and $21.5 million of non-cash royalties on net sales of KADCYLA were recorded and included in non-cash royalty revenue for the three and nine months ended September 30, 2022, respectively, compared to $6.5 million and $38.8 million in non-cash royalty revenue

recorded for the three and nine months ended September 30, 2021, respectively. The decrease in non-cash royalty revenue for the nine months ended September 30, 2022 compared to the prior nine-month period is a result of the aggregate royalty threshold, as outlined in the 2015 royalty purchase agreement, being met in the second quarter of 2021, effectively reducing the royalty payments under the 2015 transaction from 100% to 15% of KADCYLA royalty payments received over the remaining royalty term. Pursuant to the terms of these agreements, we expect to recognize less non-cash royalty revenue in 2022 and subsequent years as compared to 2021 and prior years. See further details regarding these agreements in Note F, "Liability Related to Sale of Future Royalties," of the Consolidated Financial Statements.

Research and development expenses

Our research and development expenses relate to (i) research to evaluate new targets and to develop and evaluate new antibodies, linkers, and cytotoxic agents, (ii) preclinical testing of our own and, in certain instances, our collaborators' product candidates, and the cost of our own clinical trials, (iii) development related to clinical and commercial manufacturing processes, (iv) regulatory activities, (v) medical affairs activities, and (vi) external manufacturing operations.

We do not track our research and development costs by project. Since we use our research and development resources across multiple research and development projects, we manage our research and development expenses within each of the categories listed in the following table and described in more detail below (in thousands):

	Three Months Ended September 30,		Increase/	Nine Months Ended September 30,		Increase/
Research and Development Expenses	**2022**	**2021**	**(Decrease)**	**2022**	**2021**	**(Decrease)**
Research	$ 560	$ —	$ 560	$ 8,060	$ —	$ 8,060
Preclinical and clinical testing	39,394	23,484	15,910	102,664	72,095	30,569
Process and product development	2,086	2,030	56	5,261	4,898	363
Manufacturing operations	17,141	7,633	9,508	38,900	25,156	13,744
Total research and development expenses	$ 59,181	$ 33,147	$ 26,034	$ 154,885	$ 102,149	$ 52,736

Research

Research includes expenses to evaluate new targets and to develop and evaluate new antibodies, linkers, and cytotoxic agents. Such expenses include third-party license fees, research funding payments, and contract services. Pursuant to a research collaboration agreement executed with OBT in June 2022, we recognized $0.6 million of committed research costs in the three months ended September 30, 2022 and a $7.5 million upfront license fee as expense in the nine months ended September 30, 2022. No similar expenses were recorded in the three and nine months ended September 30, 2021.

Preclinical and clinical testing

Preclinical and clinical testing includes expenses related to preclinical testing of our own, and, in certain instances, our collaborators' product candidates, regulatory activities, the cost of clinical trials, and expenses related to medical affairs. Such expenses include the costs of personnel, third-party staffing, patient enrollment at our clinical testing sites, consultant fees, contract services, and facility expenses. In the three and nine months ended September 30, 2022, preclinical and clinical testing expenses increased by $15.9 million and $30.6 million, respectively, compared to the three and nine months ended September 30, 2021, due primarily to increases in personnel, third-party staffing costs, and clinical trial costs driven by our MIRV and PVEK studies, as well as an increase in contract services driven by medical affairs' activities in support of advancing MIRV.

Process and product development

Process and product development expenses include costs for development of clinical and commercial manufacturing processes for our own and collaborator compounds. Such expenses include the costs of personnel, third-party staffing, contract services, and facility expenses. In the three and nine months ended September 30, 2022, process and product development expenses increased by $0.1 million and $0.4 million, respectively, compared to the three and nine months ended September 30, 2021, due primarily to increased personnel-related costs.

Manufacturing operations

Manufacturing operations expense includes costs to have preclinical and clinical materials manufactured for our product candidates and quality control and quality assurance activities. Such expenses include personnel, raw materials for our preclinical studies and clinical trials, non-pivotal and pivotal development costs with contract manufacturing organizations, and facility expenses. In the three and nine months ended September 30, 2022, manufacturing operations expense increased by $9.5 million and $13.7 million, respectively, compared to the three and nine months ended September 30, 2021, due primarily to increases in personnel-related costs and external manufacturing activity across our programs.

Selling, general and administrative expenses

Selling, general and administrative expenses consist primarily of personnel-related costs, including stock-based compensation, for commercial operations and for personnel in executive, finance, accounting, business development, information technology, legal, and human resources functions. Other significant costs include facility costs not otherwise included in research and development expenses, commercial development activities, legal fees related to intellectual property and corporate matters, and fees for accounting and consulting services.

In the three and nine months ended September 30, 2022, selling, general and administrative expenses increased by $23.3 million and $43.8 million, respectively, compared to the three and nine months ended September 30, 2021 due primarily to building our commercial capabilities, including personnel-related costs, in preparation for a potential U.S. launch of MIRV in the fourth quarter of 2022.

Non-cash interest expense on liability related to the sale of future royalties

In 2015, IRH purchased our right to receive 100% of the royalty payments on commercial sales of KADCYLA arising under our development and commercialization license with Genentech, subject to a residual cap. In January 2019, OMERS purchased IRH's right to the royalties the Company previously sold in 2015. As described in Note E, "Liability Related to Sale of Future Royalties," to our consolidated financial statements included in this report, this royalty sale transaction has been recorded as a liability that amortizes over the estimated royalty payment period as KADCYLA royalties are remitted directly to the purchaser. During the three and nine months ended September 30, 2022, we recorded $0.9 million and $3.2 million of non-cash interest expense, respectively, which includes amortization of deferred financing costs, compared to $2.8 million and $11.0 million recorded in the three and nine months ended September 30, 2021. The decrease was a result of a lower average royalty liability balance for the period and the KADCYLA royalty threshold being met in the second quarter of 2021, effectively reducing the royalty payments under the 2015 transaction from 100% to 15% of KADCYLA royalty payments received over the remaining royalty term.

LIQUIDITY AND CAPITAL RESOURCES

The tables below summarize our cash and cash equivalents, working capital, and shareholders' equity as of September 30, 2022 and December 31, 2021, and cash flow activities for the nine months ended September 30, 2022 and 2021 (in thousands):

	As of	
	September 30, 2022	December 31, 2021
Cash and cash equivalents	$ 309,511	$ 478,750
Working capital	226,774	399,054
Shareholders' equity	178,007	325,586

	Nine Months Ended September 30,	
	2022	2021
Cash used for operating activities	$ (169,603)	$ (123,542)
Cash used for investing activities	(1,116)	(1,065)
Cash provided by financing activities	1,480	76,512

Cash flows

We require cash to fund our operating expenses, including the advancement of our clinical programs and to make capital expenditures. Historically, we have funded our cash requirements primarily through equity and convertible debt financings in private and public markets and payments from our collaborators, including license fees, milestone payments, research funding, and royalties. We have also monetized our rights to receive royalties on KADCYLA for upfront consideration. As of September 30, 2022, we had $309.5 million in cash and cash equivalents. Net cash used for operations was $169.6 million and $123.5 million for the nine months ended September 30, 2022 and 2021, respectively. The principal use of cash for operating activities for both periods presented was to fund our net loss, adjusted for non-cash items, with the nine months ended September 30, 2022 benefiting from $19.5 million of upfront payments pursuant to a license agreement with Lilly.

Net cash used for investing activities was $1.1 million for each of the nine months ended September 30, 2022 and 2021, consisting of cash outflows for capital expenditures in both periods, including computer and office equipment and dedicated equipment at third-party manufacturing vendors.

Net cash provided by financing activities was $1.5 million and $76.5 million for the nine months ended September 30, 2022 and 2021, respectively. Net cash provided by financing activities for the nine months ended September 30, 2022 and 2021 includes $1.5 million and $2.0 million, respectively, of proceeds from the exercise of stock options. During the nine months ended September 30, 2021, we entered into a Securities Purchase Agreement with RA Capital Healthcare Fund, L.P. (RA Capital) pursuant to which the Company agreed to sell to RA Capital a pre-funded warrant to purchase up to an aggregate of 5,434,782 shares of the Company's common stock, resulting in net proceeds of $29.8 million. Additionally, during 2021, we sold 6,694,600 shares of our common stock under our Open Market Sale Agreement℠ with Jefferies, LLC as sales agent, dated December 18, 2020, generating net proceeds of $45.8 million. Partially offsetting these cash inflows, $1.1 million of convertible 4.5% senior notes were paid in cash upon maturity on July 1, 2021.

Future Capital Requirements

We have significant future capital requirements including:

- significant expected operating expenses to conduct research and development activities and to potentially commercialize our portfolio;
- noncancelable in-process and future manufacturing obligations; and
- substantial facility lease obligations as described in Note J, "Leases," included in our Annual Report on Form 10-K for the year ended December 31, 2021, and as described in Note G, "Leases," included in this Quarterly Report on Form 10-Q.

We anticipate that our current capital resources will enable us to meet our operational expenses and capital requirements for more than twelve months after the date of this report. We expect to raise additional funds through equity, debt, and other financings or generate revenues from product sales of MIRV, if approved, as well as revenues from collaborations through a combination of upfront license payments, milestone payments, royalty payments, and research funding to support our planned operating activities. We cannot provide assurance that we will be able to obtain additional debt, equity, or other financing or generate revenues from product sales of MIRV, if approved, or from collaborations on terms acceptable to us or at all. The failure to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on our business, results of operations, and financial condition and require us to defer or limit some or all of our research, development, and/or clinical projects, including trials to support potential label expansion of MIRV.

Recent Accounting Pronouncements

The information set forth under Note B, "Summary of Significant Accounting Policies," to our consolidated financial statements included in this report under the caption "Recently Adopted Accounting Pronouncements" is incorporated herein by reference.

Third-Party Trademarks

KADCYLA® and AVASTIN® are registered trademarks of Genentech, Inc. OGAP® is a registered trademark of Oxford BioTherapeutics Ltd.

ITEM 3. ***Quantitative and Qualitative Disclosure about Market Risk***

Our market risks, and the ways we manage them, are summarized in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 28, 2022 and there have been no material changes to our market risks, or to our management of such risks, as set forth in such Annual Report on Form 10-K.

ITEM 4. ***Controls and Procedures***

(a) *Disclosure Controls and Procedures*

Our management, with the participation of our principal executive and principal financial officers, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, our principal executive and principal financial officers have concluded that, as of the end of such period, our disclosure controls and procedures were effective.

(b) *Changes in Internal Controls Over Financial Reporting*

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

PART II. OTHER INFORMATION

ITEM 1A. ***Risk Factors***

In addition to the other information set forth in this report, you should carefully review and consider the information regarding certain factors that could materially affect our business, financial condition, or future results set forth under Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 28, 2022, and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022 and June 30, 2022, filed with the SEC on May 6, 2022 and August 1, 2022, respectively. There have been no material changes from the factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021 or Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022 and June 30, 2022. We may, however, disclose changes to such risk factors, or disclose additional risk factors, from time to time in our future filings with the SEC.

ITEM 6. ***Exhibits***

Exhibit No.	Description
31.1	Certification of the principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32 †	Certifications of the principal executive officer and the principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Financial statements from the quarterly report on Form 10-Q of ImmunoGen, Inc. for the quarter ended September 30, 2022 formatted in inline XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations and Comprehensive Loss; (iii) the Consolidated Statements of Shareholder's Equity (Deficit); (iv) the Consolidated Statements of Cash Flows; and (v) the Notes to Consolidated Financial Statements
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† *Furnished, not filed.*

SIGNATURES

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

ImmunoGen, Inc.

Date: November 4, 2022

By: /s/ Mark J. Enyedy
Mark J. Enyedy
President and Chief Executive Officer (Principal Executive Officer)

Date: November 4, 2022

By: /s/ Susan Altschuller, Ph.D.
Susan Altschuller, Ph.D.
Senior Vice President and Chief Financial Officer (Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATIONS

I, Mark Enyedy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ImmunoGen, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 4, 2022

/s/ Mark J. Enyedy
Mark J. Enyedy
President, Chief Executive Officer (Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATIONS

I, Susan Altschuller, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ImmunoGen, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 4, 2022

/s/ Susan Altschuller Ph.D.
Susan Altschuller Ph.D.
Senior Vice President, Chief Financial Officer (Principal Financial Officer)

EXHIBIT 32

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of ImmunoGen, Inc., a Massachusetts corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report for the period ended September 30, 2022 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 4, 2022

/s/ MARK J. ENYEDY
Mark J. Enyedy
President, Chief Executive Officer
(Principal Executive Officer)

Dated: November 4, 2022

/s/ SUSAN ALTSCHULLER Ph.D.
Susan Altschuller Ph.D.
Senior Vice President, Chief Financial Officer
(Principal Financial Officer)