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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2023

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)	(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: 266,264,274 shares outstanding as of October 25, 2023.

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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 clinical, regulatory, and other developments and data releases, commercialization efforts, 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, 2022 filed with the Securities and Exchange Commission (SEC) on March 1, 2023, as supplemented by our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2023 and June 30, 2023, and as updated and/or supplemented in subsequent filings with the SEC. The forward-looking statements contained herein represent our views as of the date of this Form 10-Q. 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, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents	$ 605,535	$ 275,138
Accounts receivable	130,694	12,596
Unbilled receivable	3,026	1,531
Non-cash royalty receivable	3,438	3,851
Inventory	5,495	—
Prepaid and other current assets	18,712	11,005
Total current assets	766,900	304,121
Property and equipment, net of accumulated depreciation	4,431	4,377
Operating lease right-of-use assets	8,338	10,231
Inventory, net of current portion	28,273	16,196
Other assets	14,159	14,011
Total assets	$ 822,101	$ 348,936
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 24,853	$ 45,353
Accrued compensation	15,155	11,111
Other accrued liabilities	43,571	38,783
Current portion of liability related to the sale of future royalties, net of deferred financing costs of $128 and $162, respectively	9,437	8,659
Current portion of operating lease liability	4,458	4,096
Current portion of deferred revenue	37,186	13,856
Total current liabilities	134,660	121,858
Senior secured term loan, net	72,113	—
Deferred revenue, net of current portion	26,718	36,355
Operating lease liability, net of current portion	7,759	11,148
Liability related to the sale of future royalties, net of current portion and deferred financing costs of $111 and $205, respectively	16,455	23,449
Other long-term liabilities	2,800	300
Total liabilities	260,505	193,110
Commitments and contingencies (Note K)		
Shareholders' equity:		
Preferred stock, $.01 par value; authorized 5,000 shares; 22 and 0 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	—	—
Common stock, $.01 par value; authorized 600,000 shares; 265,842 and 226,046 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	2,435	2,260
Additional paid-in capital	2,267,747	1,847,638
Accumulated deficit	(1,708,586)	(1,694,072)
Total shareholders' equity	561,596	155,826
Total liabilities and shareholders' equity	$ 822,101	$ 348,936

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues:				
Product revenue, net	$ 105,164	$ —	$ 212,079	$ —
License and milestone fees	51	7,382	15,122	45,247
Non-cash royalty revenue related to the sale of future royalties	7,355	7,993	17,936	21,537
Research and development support	855	—	1,310	831
Total revenues	113,425	15,375	246,447	67,615
Cost and operating expenses:				
Cost of sales	2,155	—	3,690	—
Research and development	47,570	59,181	149,267	154,885
Selling, general and administrative	37,744	33,623	114,116	74,064
Total cost and operating expenses	87,469	92,804	267,073	228,949
Income (loss) from operations	25,956	(77,429)	(20,626)	(161,334)
Interest income	7,383	1,539	14,775	2,183
Interest expense on term loan	(2,539)	—	(5,857)	—
Non-cash interest expense on liability related to the sale of future royalties and term loan	(1,054)	(867)	(2,986)	(3,194)
Other expense, net	(164)	(998)	(109)	(1,576)
Net income (loss) before income taxes	29,582	(77,755)	(14,803)	(163,921)
Income tax benefit	1,166	—	289	—
Net income (loss)	$ 30,748	$ (77,755)	$ (14,514)	$ (163,921)
Net income (loss) per common share - basic (Note B)	$ 0.10	$ (0.31)	$ (0.05)	$ (0.65)
Net income (loss) per common share - diluted (Note B)	$ 0.10	(0.31)	$ (0.05)	$ (0.65)
Weighted-average common shares outstanding - basic	273,341	253,511	265,265	253,371
Weighted-average common shares outstanding - diluted	287,590	253,511	265,265	253,371

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

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

	Series A Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
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
Issuance of common stock, net of issuance costs	—	—	—	—	—	—	—
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
Net loss	—	—	—	—	—	(59,008)	(59,008)
Issuance of common stock, net of issuance costs	—	—	5,167	51	25,596	—	25,647
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	—	—	103	1	423	—	424
Stock option and restricted stock compensation expense	—	—	—	—	10,610	—	10,610
Restricted stock units vested	—	—	25	—	—	—	—
Directors' deferred share unit compensation	—	—	—	—	146	—	146
Balance at December 31, 2022	—	$ —	226,046	$ 2,260	$ 1,847,638	$ (1,694,072)	$ 155,826
Net loss	—	—	—	—	—	(41,014)	(41,014)
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	—	—	16	1	38	—	39
Stock option and restricted stock compensation expense	—	—	—	—	6,916	—	6,916
Directors' deferred share unit and common stock compensation	—	—	8		151	—	151
Balance at March 31, 2023	—	$ —	226,070	$ 2,261	$ 1,854,743	$ (1,735,086)	$ 121,918
Net loss	—	—	—	—	—	(4,248)	(4,248)
Issuance of common stock, net of issuance costs	—	—	29,900	299	350,534	—	350,833
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	—	—	3,234	32	14,874	—	14,906
Issuance of common stock pursuant to pre-funded warrant exchange	—	—	11,357	—	—	—	—
Issuance of Series A Preferred Stock in exchange for common stock	22	—	(21,853)	(218)	218	—	—
Stock option and restricted stock compensation expense	—	—	—	—	7,281	—	7,281
Directors' deferred share unit and common stock compensation	—	—	4	—	152	—	152
Balance at June 30, 2023	22	$ —	248,712	$ 2,374	$ 2,227,802	$ (1,739,334)	$ 490,842
Net income (loss)	—	—	—	—	—	30,748	30,748
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	—	—	6,136	61	32,105	—	32,166
Issuance of common stock pursuant to pre-funded warrant exchange	—	—	10,992	—	—	—	—
Issuance of common stock, net of issuance costs	—	—	—	—	(34)	—	(34)
Stock option and restricted stock compensation expense	—	—	—	—	7,807	—	7,807
Directors' deferred share unit and common stock compensation	—	—	2	—	67	—	67
Balance at September 30, 2023	22	$ —	265,842	$ 2,435	$ 2,267,747	$ (1,708,586)	$ 561,596

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,	
	2023	2022
Cash flows from operating activities:		
Net loss	$ (14,514)	$ (163,921)
Adjustments to reconcile net loss to net cash used for operating activities:		
Non-cash royalty revenue related to sale of future royalties	(8,494)	(9,027)
Non-cash interest expense on liability related to sale of future royalties	2,691	3,194
Non-cash interest expense on amortization of debt discount and issuance costs	295	—
Depreciation and amortization	1,298	1,355
Stock and deferred share unit compensation	22,374	14,862
Change in operating assets and liabilities:		
Accounts receivable	(118,098)	4,425
Unbilled receivable	(1,495)	1,649
Inventory	(17,572)	—
Contract asset	—	3,000
Prepaid and other current assets	(7,707)	(9,392)
Operating lease right-of-use assets	1,893	1,583
Other assets	(148)	(4,389)
Accounts payable	(20,395)	1,689
Accrued compensation	4,044	3,152
Other accrued liabilities	7,472	23,057
Deferred revenue	13,693	(38,257)
Operating lease liability	(3,027)	(2,583)
Net cash used for operating activities	(137,690)	(169,603)
Cash flows from investing activities:		
Purchases of property and equipment	(1,641)	(1,116)
Net cash used for investing activities	(1,641)	(1,116)
Cash flows from financing activities:		
Proceeds from issuance of common stock under stock plans	47,111	1,480
Proceeds from term loan, net of $3,182 of issuance costs	71,818	—
Proceeds from common stock issuance, net of $526 of transaction costs	350,799	—
Net cash provided by financing activities	469,728	1,480
Net change in cash and cash equivalents	330,397	(169,239)
Cash and cash equivalents, beginning of period	275,138	478,750
Cash and cash equivalents, end of period	$ 605,535	$ 309,511
Supplemental cash flow information:		
Cash paid during the year for interest	$ 4,857	$ —
Cash paid during the year for taxes	$ 1,361	$ —

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

IMMUNOGEN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023

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). On November 14, 2022, the U.S. Food and Drug Administration (FDA) granted accelerated approval for ELAHERE® (mirvetuximab soravtansine-gynx) for the treatment of adult patients with folate receptor alpha (FRα)-positive, platinum-resistant epithelial ovarian, fallopian tube, or primary peritoneal cancer, who have received one to three prior systemic treatment regimens. ELAHERE was approved under the FDA's accelerated approval program based on objective response rate (ORR), duration of response (DOR), and safety data from the pivotal SORAYA trial. Continued approval may be contingent upon verification and description of clinical benefit in a confirmatory trial.

The Company has generally incurred operating losses and negative cash flows from operations since inception, incurred a net loss of $14.5 million during the nine months ended September 30, 2023, and had an accumulated deficit of approximately $1.7 billion as of September 30, 2023. To date, the Company has funded these losses through payments received from its collaborations, equity, convertible debt, and other financings, such as royalty financing transactions and a term loan facility, and, more recently, through commercial sales of ELAHERE.

At September 30, 2023, the Company had $605.5 million of cash and cash equivalents on hand. The Company currently believes that its existing capital resources will be sufficient to fund its operating expenses and capital expenditures for more than twelve months after the date these financial statements were issued. The Company expects to generate additional funds through a combination of commercial sales of ELAHERE and revenues from collaborations, including upfront license payments, milestone payments, royalty payments, and research funding, to support its planned operating activities; however, such activities may not succeed. If such activities do not raise sufficient funds, the Company may be required to seek additional funding through equity or other financings. The failure of the Company to generate sufficient funds from commercial sales of ELAHERE and collaborations or obtain additional funding through equity or other financings on acceptable terms 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, clinical, and/or commercial 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, challenges entering into new collaborations, 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, 2022 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, 2022 filed with the SEC on March 1, 2023.

Significant Accounting Policies

There were no changes to significant accounting policies used in preparation of these condensed consolidated financial statements for the three and nine months ended September 30, 2023, from 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, 2022.

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 the portion of the transaction price for certain arrangements attributed to unexercised contract options that are considered material rights. As of September 30, 2023, the aggregate amount of the transaction price allocated to remaining performance obligations comprising deferred revenue was $63.9 million. The Company expects to recognize revenue on approximately 58%, 41%, and 1% 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, 2023 and 2022 (in thousands):

	Balance at December 31, 2022	Additions	Deductions	Impact of Netting	Balance at September 30, 2023
Contract liabilities (deferred revenue)	$ 50,211	$ 23,227	$ (9,534)	$ —	$ 63,904

	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

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,	
	2023	2022	2023	2022
Revenue recognized in the period from:				
Amounts included in contract liabilities at the beginning of the period	$ 3,929	$ 7,337	$ 9,534	$ 43,961

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 nine months ended September 30, 2023, a $23.2 million upfront payment received pursuant to a collaboration and license agreement with Takeda Pharmaceutical Company Limited (Takeda) was recorded as deferred revenue and none of this amount was recognized as revenue during the nine months ended September 30, 2023.

Additionally, the Company received an upfront payment of $15.0 million pursuant to a multi-target license and option agreement executed with Vertex Pharmaceuticals Incorporated (Vertex) which was recorded as license and milestone fee revenue in the nine months ended September 30, 2023. Further details of these agreements can be found in Note C, “Collaboration and License Agreements.” During the nine months ended September 30, 2023, the Company also recognized $9.4 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 F, “Liability Related to Sale of Future Royalties,” and recognized $0.1 million of license and milestone fee revenue related to numerous collaborators’ rights to technological improvements that had been previously deferred.

During the nine months ended September 30, 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. The Company also recognized $12.5 million of previously deferred non-cash royalty revenue related to the sale of rights to KADCYLA 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.

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, the Company does not believe it is exposed to significant 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, 2023 and December 31, 2022. 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, 2023 and December 31, 2022, the Company held $605.5 million and $275.1 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 $0.3 million of accrued capital expenditures as of December 31, 2022, which has been treated as a non-cash investing activity and, accordingly, is not reflected in the consolidated statement of cash flows. There were no accrued capital expenditures as of September 30, 2023.

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, 2023 and December 31, 2022, 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, non-cash royalty receivable, prepaid and other current assets, accounts payable, accrued compensation, and other accrued liabilities approximate fair value due to their short-term nature.

As of September 30, 2023, the estimated fair value and gross carrying amount of the term loan was $79.7 million and $75.0 million, respectively. The Company's disclosed fair value of the term loan falls into the Level 2 category within the fair value level hierarchy and the fair value was determined using quoted prices for similar liabilities in active markets, as well as inputs that are observable for the liability (other than quoted prices), such as interest rates that are observable at commonly quoted intervals.

Accounts Receivable

Accounts receivable arise from product sales and amounts due from the Company's collaboration partners. The amount from product sales represents amounts due from specialty distributors and specialty pharmacy providers in the U.S. The Company monitors economic conditions and the financial performance and credit worthiness of its counterparties to identify facts or circumstances that may indicate that its receivables are at risk of collection. The Company provides reserves against accounts receivable for estimated losses that may result from a customer's inability to pay based on the composition of its accounts receivable, considering past events, current economic conditions, and reasonable and supportable forecasts about the future economic conditions. The contractual life of accounts receivable is generally short-term. Amounts determined to be uncollectible are charged or written off against the reserve. For the three and nine months ended September 30, 2023 and 2022, the Company did not record any expected credit losses related to outstanding accounts receivable.

Inventory

Inventories are stated at the lower of cost or estimated net realizable value with cost based on the first-in first-out method. Inventory that can be used in either the production of clinical or commercial products is expensed as research and development costs when identified for use in clinical trials. The Company classifies its inventory costs as long-term when it expects to utilize the inventory beyond its normal operating cycle based on forecasted levels of sales.

Prior to the regulatory approval of its drug candidates, the Company incurs expenses for the manufacture of drug product to support clinical development that could potentially be available to support the commercial launch of those drugs. Until the date at which regulatory approval has been received or is otherwise considered probable, the Company records all such costs as research and development expenses.

The Company performs an assessment of the recoverability of capitalized inventories during each reporting period and writes down any excess and obsolete inventory to its net realizable value in the period in which the impairment is first identified. Such impairment charges, should they occur, are recorded as a component of cost of sales in the consolidated statements of operations and comprehensive loss. The determination of whether inventory costs will be realizable requires the use of estimates by management. If actual market conditions are less favorable than projected by management, additional write-downs of inventory may be required. There were no expenses recorded for excess inventory or other impairments during the three and nine months ended September 30, 2023. There was no inventory held by the Company during the three and nine months ended September 30, 2022.

Debt issuance costs and debt discount

Debt issuance costs and debt discounts are presented on the accompanying consolidated balance sheets as a direct reduction from the carrying value of the debt and are amortized to interest expense over the term of the related debt using the effective interest method. See Note G, "Senior Secured Term Loan" for further discussion related to long-term debt.

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, par value $.01 per share, underlying pre-funded warrants are included in the calculation of basic and diluted earnings per share. Shares of the Company's Series A

Convertible Preferred 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 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). 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 and restricted stock units that are outstanding during the period, except where such non-participating securities would be antidilutive. The dilutive effect of participating securities is calculated using the more dilutive of either (i) the treasury stock method (for stock options and restricted stock units) and "if-converted" method (for Series A Convertible Preferred Stock) or (ii) the two-class method assuming the Series A Convertible Preferred Stock is not converted and applying the treasury stock method (for stock options and restricted stock units).

The following table sets forth the computation of basic and diluted earnings per share for the three months ended September 30, 2023. There was a net loss in all other periods presented, and as such, no loss was allocated to participating securities pursuant to the two class method for those periods.

	Three Months Ended September 30, 2023
Numerator:	
Net income	$ 30,748
Allocation of earnings to participating securities	(2,276)
Numerator for basic EPS — income available to common stockholders (A)	$ 28,472
Effect of dilutive securities:	
Add back allocation of earnings to participating securities	$ 2,276
Reallocation of earnings to participating securities considering potentially dilutive securities	(2,171)
Numerator for diluted EPS — income available to common stockholders (C)	$ 28,577
Denominator:	
Denominator for basic EPS — weighted average shares (B)	273,341
Effect of dilutive securities:	
Common stock equivalents	14,249
Denominator for diluted EPS — adjusted weighted average shares (D)	287,590
Basic EPS (A / B)	$ 0.10
Diluted EPS (C / D)	$ 0.10

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Options outstanding to purchase common stock, shares issuable under the employee stock purchase plan, and unvested restricted stock units at end of period	29,927	31,479	29,927	31,479
Common stock equivalents under treasury stock method for options, shares issuable under the employee stock purchase plan, and unvested restricted stock units	14,249	2,246	10,671	1,437
Common stock equivalents under if-converted method for Series A Convertible Preferred Stock	21,853	—	21,853	—

Stock-Based Compensation

As of September 30, 2023, 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 13,500,000 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,	
	2023	2022	2023	2022
Dividend	None	None	None	None
Volatility	88.4%	83.3%	83.4%	83.2%
Risk-free interest rate	4.52%	3.44%	3.78%	2.48%
Expected life (years)	5.6	5.6	5.7	5.9

Using the Black-Scholes option-pricing model, the weighted-average grant date fair values of options granted during the three months ended September 30, 2023 and 2022 were $11.52 and $3.62 per share, respectively, and $4.85 and $3.58 for options granted during the nine months ended September 30, 2023 and 2022, respectively.

A summary of option activity under the Company's equity plans for the nine months ended September 30, 2023 is presented below (in thousands, except weighted-average data):

	Number of Stock Options	Weighted-Average Exercise Price
Outstanding at December 31, 2022	33,126	$ 5.76
Granted	6,316	6.71
Exercised	(9,121)	5.05
Forfeited/Canceled	(2,653)	6.30
Outstanding at September 30, 2023	27,668	$ 6.15

In 2020, the Company issued 2.6 million performance-based stock options to certain employees with vesting conditioned upon the achievement of specified performance goals. In 2022, 75% of the 2.6 million performance-based stock options vested upon achievement of specified performance goals and 12.5% were forfeited. There was no stock-based compensation recorded during the three or nine months ended September 30, 2023 related to these stock options. The fair value of the remaining unvested performance-based stock options that could be expensed in future periods is $1.3 million.

A summary of restricted stock unit activity under the Company's equity plans for the nine months ended September 30, 2023 is presented below (in thousands, except weighted-average data):

	Number of Restricted Stock Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2022	138	$ 5.45
Granted	2,380	6.32
Forfeited	(259)	4.66
Unvested at September 30, 2023	2,259	$ 7.11

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 $7.8 million and $22.0 million during the three and nine months ended September 30, 2023, respectively, compared to $5.3 million and $14.3 million for the three and nine months ended September 30, 2022, respectively. The increase in stock compensation expense is primarily due to significant growth in personnel in the second half of 2022. As of September 30, 2023, the estimated fair value of unvested employee awards was $72.0 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 development and commercialization of ADCs for the treatment of cancer.

During the three months ended September 30, 2023, 93% of revenues were generated from net U.S. sales of ELAHERE to four specialty distributors and specialty pharmacy providers, and 7% of revenues were generated from an agreement with Roche, compared to 52%, 30% and 18% of revenues from Roche, Lilly and Novartis, respectively, during the three months ended September 30, 2022. During the nine months ended September 30, 2023, 86% of revenues were generated from net U.S. sales of ELAHERE to four specialty distributors and specialty pharmacy providers, and 7% and 6% of revenues were generated from agreements with Roche and Vertex, respectively, compared to 43%, 32% and 20% from agreements with Huadong, Roche, and Lilly, respectively, during the nine months ended September 30, 2022. There were no other customers of the Company that generated significant revenues in the three and nine months ended September 30, 2023 and 2022.

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. Collaboration and License Agreements

The Company has numerous collaboration and license agreements with third parties. These agreements typically provide the licensee with rights to use the Company’s ADC platform technology with the licensee’s 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, the Company is generally entitled to receive upfront fees, potential milestone payments, royalties on the sales of any resulting products, and research and development funding based on activities performed at our collaborative partner’s request. See below for details regarding the Company’s collaboration and license agreements with activity in the financial statement periods presented.

Takeda

On August 25, 2023, the Company entered into a collaboration and license agreement with Takeda. The collaboration and license agreement grants Takeda an exclusive, royalty-bearing right to develop and commercialize ELAHERE (mirvetuximab soravtansine-gynx) (the Licensed Product) in Japan. Under the terms of the collaboration and license agreement, the Company received a non-refundable upfront payment of $23.2 million, with the potential for up to ¥19.9 billion (approximately $135 million at the exchange rate on the agreement date) in regulatory and sales-based milestone payments. In addition, the Company is entitled to receive tiered royalties ranging from low double-digit to mid-twenties as a percentage of commercial net sales of the Licensed Product, if approved, by Takeda in Japan, subject to adjustment in specified circumstances.

The Company evaluated the agreement and determined it was within the scope of ASC 606. The Company determined the promised goods and services included the license to intellectual property and know-how and the clinical supply of the Licensed Product to Takeda for a specified period. The Company concluded that the license to intellectual property and know-how is not distinct from the clinical supply of the Licensed Product because the clinical supply is essential to the use of the license and an alternative source of clinical supply is not readily available in the marketplace. Accordingly, these two promised goods and services are considered a single combined performance obligation. The Company determined there were no options in the agreement that represented material rights.

The transaction price was determined to consist of the upfront payment of $23.2 million and estimated payments to be received for clinical supply of the Licensed Product. Future regulatory 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 Takeda. The Company re-evaluates the transaction price, 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 Company determined that revenue related to the agreement would be recognized as the clinical supply of the Licensed Product is delivered to Takeda, estimated to be completed over approximately 1.5 years. The Company has estimated the total clinical supply to be delivered during this time and will reassess the percentage of clinical supply that has been delivered on an ongoing basis. If a change in estimate is determined to be necessary, the Company will adjust revenue using a cumulative catch-up method. No revenue related to this agreement has been recognized in the three months ended September 30, 2023.

Vertex

In February 2023, the Company entered into a multi-target license and option agreement with Vertex, pursuant to which the Company granted Vertex rights to the Company's ADC technology to research and evaluate ADCs directed to specified targets, with an option to obtain worldwide exclusive development and commercialization licenses to a specified number of targets (each, an Option and, collectively, the Options) before the end of the research term. Under the terms of the agreement, the Company received a non-refundable upfront payment of $15.0 million, reflecting the initial research targets selected by Vertex. During the research term, Vertex also has the right to select additional research targets in exchange for an additional license fee per target. In addition, upon exercise of each Option by Vertex, the Company will be eligible to receive up to approximately $337.0 million per target in potential option exercise fees and milestone payments based on the achievement of pre-specified development, regulatory, and sales-based milestones. With respect to each target that Vertex exercises an Option, the Company will also be eligible to receive tiered royalties, on a product-by-product basis, as a percentage of worldwide annual net sales by Vertex, its affiliates and sublicensees, based on certain net sales thresholds. Vertex is responsible for all costs related to the research and development of the compounds during the research term 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 a license to use the Company's intellectual property and know-how to research, manufacture, and evaluate products related to each of the initial research targets selected by Vertex during the research term. The Company determined that the agreement has a single performance obligation for these promised goods and services.

The Options to obtain exclusive development and commercialization licenses and the right to select additional research targets during the research term do not represent a material right as the fees associated with each option are at or above the standalone selling price. Accordingly, upon exercise, these Options will be accounted for as a separate arrangement.

The transaction price related to the single performance obligation was determined to consist of the upfront payment of $15.0 million. The transfer of intellectual property and know-how to Vertex to allow Vertex to derive benefit from the license over the research term was completed during the three months ended March 31, 2023. As such, the Company's performance obligation was satisfied, and the Company recognized $15.0 million of license and milestone fee revenue during the nine months ended September 30, 2023.

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. During 2022, pursuant to the terms of the agreement, Lilly selected additional targets for which the Company received an additional $13.0 million in non-refundable payments. Lilly may select a pre-specified number of additional targets, with the Company eligible to receive an additional $19.5 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 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 2022 the Company recognized $18.4 million of license and milestone fee revenue related to the portion of the transaction price allocated to the initial and additional target licenses, of which $13.8 million was recorded during the nine months ended September 30, 2022. The $7.6 million allocated to the material rights to obtain licenses to replacement targets is included in long-term deferred revenue as of September 30, 2023 and will be recognized when the right is either exercised or expires.

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 ELAHERE (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 addition, the Company is entitled to receive tiered royalties ranging from low double digits to high teens as a percentage of commercial net sales of the licensed product, if approved, by Huadong in Greater China, subject to adjustment in specified circumstances. To date, the Company has received $15.0 million in milestone payments.

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 $45.0 million of upfront and development milestone payments previously received.

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, $17.9 million and $21.5 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, 2023 and 2022, 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.

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 remained 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, $0.7 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 collaboration and license agreements, please read Note C, "Collaboration and License Agreements," to the audited financial statements included within the Company's Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on March 1, 2023.

D. Product Revenue Reserves and Allowances

In November 2022, the FDA granted accelerated approval for ELAHERE for the treatment of adult patients with FRα positive, platinum-resistant epithelial ovarian, fallopian tube, or primary peritoneal cancer, who have received one to three prior systemic treatment regimens. The Company recorded net product revenue of $105.2 million and $212.1 million from U.S. sales of ELAHERE during the three and nine months ended September 30, 2023, respectively.

The following table summarizes activity in each of the product revenue reserve and allowance categories as of September 30, 2023 and 2022, respectively. (in thousands):

	September 30, 2023	September 30, 2022
Beginning balance at January 1	$ 313	$ —
Provision related to sales in the current period	36,012	—
Credits and payments made	(28,223)	—
Ending balance at September 30	$ 8,102	$ —

E. Inventory

Capitalized inventory consists of the following at September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023	December 31, 2022
Raw materials	$ 28,555	$ 15,952
Work in process	2,839	—
Finished goods	2,374	244
Total inventory	$ 33,768	$ 16,196

F. 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 reached 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 consummation of the transaction, the Company received cash proceeds of $200.0 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 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 is being 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, $9.4 million and $12.5 million of revenue related to the residual rights was recorded and is included in non-cash royalty revenue for the nine months ended September 30, 2023 and 2022, 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, 2023 (in thousands):

	Nine Months Ended September 30, 2023
Liability related to sale of future royalties, net — beginning balance	$ 32,108
Proceeds from sale of future royalties, net	—
KADCYLA royalty payments received and paid	(8,907)
Non-cash interest expense recognized	2,691
Liability related to sale of future royalties, net — ending balance	$ 25,892

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 $200.0 million proceeds the Company received from IRH will be recorded as interest expense over the life of the Royalty Obligation. The Company's estimate of this total interest expense has resulted in an imputed annual interest rate of 10.5% since inception, and a current imputed interest rate of 12.2% as of September 30, 2023. 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 Roche, 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 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.

G. Senior Secured Term Loan

On April 6, 2023, the Company entered into a loan agreement with BioPharma Credit PLC as collateral agent, BPCR Limited Partnership, and BioPharma Credit Investments V (Master) LP, which are funds managed by Pharmakon Advisors, LP (collectively, Pharmakon), as lenders and the guarantors party to the agreement. The loan agreement provides for up to a $175.0 million senior secured term loan consisting of two tranches that each mature on April 6, 2028. The initial tranche of $75.0 million was drawn upon execution of the loan agreement. The second tranche of $50.0 million is available at the Company's option through March 31, 2024 and may be increased to $100.0 million upon mutual agreement of the parties. The term loan bears interest at a rate based upon the secured overnight financing rate (SOFR), subject to a SOFR floor of 2.75% per annum, plus 8.00% per annum. Payments will be interest-only for the first 36 months with an extension of 12 months if certain conditions are met, after which ratable principal payments will commence for the remainder of the term. Net proceeds from the initial tranche of the term loan, after deducting the lenders fees and transaction costs of $3.2 million, were $71.8 million.

The loan agreement permits voluntary prepayment at any time, subject to a prepayment premium. The loan agreement also includes a make-whole premium in the event of a voluntary prepayment, a prepayment due to a change in control or acceleration following an Event of Default (as defined in the loan agreement) on or prior to the three-year anniversary of the closing date, in each case in an amount equal to foregone interest from the date of prepayment through the three-year anniversary of the closing date. A change of control also triggers a mandatory prepayment of the term loan.

The loan agreement contains affirmative and negative covenants customary for transactions of this type and includes certain customary events of default. The Company was in compliance with all such covenants at September 30, 2023.

The term loan is secured by a perfected security interest on substantially all of the Company's assets, excluding certain products and related intellectual property and contracts that are not related to ELAHERE.

The Company assessed all terms and features of the loan agreement in order to identify any potential embedded features that would require bifurcation. As part of this analysis, the Company assessed the economic characteristics and risks of the loan agreement, including put and call features. The Company determined that all features of the loan agreement were either clearly and closely associated with a debt host and did not require bifurcation as a derivative liability, or the fair value of the feature was immaterial to the Company's financial statements. The Company reassesses the features on a quarterly basis to determine if they require separate accounting.

The following table presents the carrying value of the Company's term loan balance as of September 30, 2023 (in thousands):

	September 30, 2023
Principal loan balance	$ 75,000
Debt discount and issuance costs, unamortized	(2,887)
Term loan, net	$ 72,113

During the three and nine months ended September 30, 2023, the Company recognized interest expense related to the term loan of $2.5 million and $4.9 million, respectively. Additionally, given the Company's current capital and expected sales of ELAHERE, the Company determined the likelihood of drawing the second tranche of $50.0 million to be remote, and as such, recorded a $1.0 million facility fee that is owed to the lender regardless of whether the additional funding is drawn as interest expense for the nine months ended September 30, 2023.

H. Income Taxes

The liability method is used in the Company's accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The Company provides a valuation allowance when it is more likely than not that deferred tax assets will not be realized.

The realization of deferred income tax assets is dependent on the generation of sufficient taxable income during future periods in which temporary differences are expected to reverse. Where the realization of such assets does not meet the more likely than not criterion, the Company applies a valuation allowance against the deferred income tax asset under consideration. The valuation allowance is reviewed periodically and if the assessment of the more likely than not criterion changes, the valuation allowance is adjusted accordingly. As of September 30, 2023, the Company has a full valuation allowance applied against its deferred tax assets.

As part of the Tax Cuts and Jobs Act of 2017 (2017 Tax Act), 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.

Pursuant to additional Section 174 guidance issued by the Internal Revenue Service prior to finalizing the Company's 2022 tax return but subsequent to the Company preparing its 2022 year-end tax provision, the Company recorded a $1.2 million favorable tax adjustment during the three months ended September 30, 2023. Partially offsetting this benefit, during the nine months ended September 30, 2023, the Company recorded income tax expense of $0.8 million as a provision for calendar 2023.

I. Capital Stock

Pre-Funded Warrants

Pursuant to transactions completed in 2021, the Company issued pre-funded warrants to purchase up to an aggregate of 21,434,782 and 11,363,636 shares of the Company's common stock to RA Capital Healthcare Fund, L.P.

(RA Capital) and Redmile Group, LLC (Redmile), respectively. The per share exercise price of the pre-funded warrants is $.01. RA Capital and Redmile 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*.

During the nine months ended September 30, 2023, Redmile completed a cashless exercise in full of its outstanding pre-funded warrant to purchase 11,357,272 shares of the Company's common stock and RA Capital exercised 11,000,000 of its 21,434,872 pre-funded warrants outstanding, resulting in the issuance of 10,992,330 shares of the Company's common stock.

Series A Convertible Preferred Stock

On May 1, 2023, the Company entered into an exchange agreement with RA Capital pursuant to which RA Capital exchanged 21,853,000 shares of the Company's common stock for 21,853 shares of newly designated Series A Convertible Preferred Stock, par value $.01 per share (the Series A Preferred Stock).

Each share of the Series A Preferred Stock is convertible into 1,000 shares of the Company's common stock at the option of the holder at any time until the tenth anniversary of the issuance of the Series A Preferred Stock, at which time the Series A Preferred Stock will automatically convert to the Company's common stock. In addition, the Company has the right to request the conversion of the Series A Preferred Stock into the Company's common stock in certain circumstances. The conversion of the Series A Preferred Stock into common stock is subject to certain limitations, including that the holder will be prohibited from converting Series A Preferred Stock into the Company's common stock if, as a result of such conversion, the holder (together with its affiliates and any other persons whose beneficial ownership of the Company's common stock would be aggregated with the holder for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended) would beneficially own a number of shares of the Company's common stock above a conversion blocker, which is initially set at 9.99% (the Conversion Blocker) of the Company's total common stock then issued and outstanding immediately following the conversion of such shares of Series A Preferred Stock. Holders of the Series A Preferred Stock are permitted to increase or decrease the Conversion Blocker to an amount not to exceed 19.99% upon 61 days' prior notice from the holder to the Company.

Shares of Series A Preferred Stock will have no voting rights, except as required by law and except that the affirmative vote of the holders of the then outstanding Series A Preferred Stock will be required to amend the terms of the Series A Preferred Stock, increase the number of authorized shares of Series A Preferred Stock, or enter into an agreement with respect to any of the foregoing. The holders of the Series A Preferred Stock are entitled to receive a nominal preference of $0.001 per share of Series A Preferred Stock upon the liquidation, dissolution, or winding up of the Company (the Liquidation Preference) before any payments are made or any assets are distributed to holders of the

Company's common stock. However, if the amount payable to holders of the Company's common stock upon the Company's liquidation, dissolution, or winding up is greater than the Liquidation Preference on a per share basis, then the holders of the Series A Preferred Stock will instead receive, on a per-share and as-converted basis, the same assets that are distributed to holders of the Company's common stock. In the event of certain fundamental transactions, including a merger, holders of the Series A Preferred Stock will automatically receive, as consideration for the Series A Preferred Stock, the same kind and amount of securities, cash, or property as the holders of the Series A Preferred Stock would have been entitled to receive had the holders of the Series A Preferred Stock instead held the Company's common stock immediately prior to the occurrence of the fundamental transaction, subject to certain exceptions.

The Company evaluated the Series A Preferred Stock for liability or equity classification under ASC 480, "Distinguishing Liabilities from Equity," and determined that equity treatment was appropriate because the Preferred Stock did not meet the definition of a liability under ASC 480. The Series A Preferred Stock is not redeemable for cash or other assets on a fixed or determinable date or at the option of the holder. Additionally, as noted above, upon the liquidation of the Company or in the event of a fundamental transaction, such as a merger or acquisition, the holders of the Series A Preferred Stock will receive the same assets that are distributed to the holders of the Company's common stock. As such, the Company recorded the Series A Preferred Stock as permanent equity.

Compensation Policy for Non-Employee Directors

Pursuant to the Compensation Policy for Non-Employee Directors, as amended, non-employee directors are granted restricted stock units (RSUs) upon initial election to the Board of Directors and annually thereafter. Initial and annual RSUs vest annually 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 RSUs awarded is fixed per the policy on the date of the award. All unvested RSUs will automatically vest immediately prior to the occurrence of a change of control or in the event a director ceases to serve as a member of the Board due to death or disability. Directors can elect to defer or re-defer RSU and/or deferred share unit (DSU) awards under the Company's 2004 Non-Employee Director Compensation and Deferred Share Unit Plan, as amended. The directors received a total of approximately 105,000 RSUs in June 2023. Prior to 2023, non-employee directors were granted DSUs with similar vesting to the RSUs.

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 157,000 and 322,000 options in 2023 and 2022, respectively. Compensation expense related to stock options and RSUs for the three and nine months ended September 30, 2023 and 2022 is included in the amounts discussed in the "Stock-Based Compensation" section of Note B above.

In addition, pursuant to the Compensation Policy for Non-Employee Directors, as amended, the Company may issue the Company's common stock in lieu of cash to pay fees earned by the Company's directors at each director's election. The directors received a total of 14,112 shares of the Company's common stock in lieu of cash in 2023. Prior to 2023, directors could not elect to receive the Company's common stock in lieu of cash.

J. 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 2022, in order to reclaim laboratory and office space, the Company modified two of its sublease agreements to terminate the subleases early in January 2023. As a result of the sublease terminations, during the nine months ended September 30, 2023, the Company recorded sublease income, inclusive of the sublessees' proportionate share of operating expenses and real estate taxes for the period, of $2.3 million compared to $2.4 million during the nine months ended September 30, 2022.

There have been no material changes in lease obligations from those disclosed in Note K, "Leases," to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on March 1, 2023.

K. Commitments and Contingencies

Manufacturing Commitments

As of September 30, 2023, the Company had noncancelable obligations under several agreements related to in-process and future manufacturing of antibody, drug substance, linker, and cytotoxic agents required for supply of the Company's product candidates totaling $45.3 million. Additionally, pursuant to commercial agreements for future production of antibody, the Company's noncancelable commitments total $47.3 million at September 30, 2023.

Litigation

The Company is not a party to any material litigation.

L. Related Party Transactions

In May 2023, the Company entered into an exchange agreement with RA Capital pursuant to which RA Capital agreed to exchange 21,853,000 shares of the Company's common stock for 21,853 shares of newly designated Series A Convertible Preferred Stock. No cash was exchanged related to the transaction. Further details of the agreement can be found in Note I, "Capital Stock."

Stuart A. Arbuckle serves as the chief operating officer at Vertex and has served as a member of the Company's board of directors since 2018. In February 2023, the Company entered into a multi-target license and option agreement with Vertex, pursuant to which the Company granted Vertex rights to the Company's ADC technology to research and evaluate ADCs to specified targets, further details of which can be found in Note C, "Collaboration and License Agreements."

The Company's chief executive officer has served as a director on the board of directors of Ergomed PLC since June 2021. In 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*. During the nine months ended September 30, 2023 and 2022, the Company made payments totaling $4.8 million and $3.9 million, respectively, to Ergomed Clinical Research, Inc. During the nine months ended September 30, 2023 and 2022, the Company made payments totaling $1.1 million and $0.2 million, respectively, to PrimeVigilance USA, Inc.

M. Subsequent Events

The Company has evaluated all events or transactions that occurred after September 30, 2023, 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, 2022, 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, 2022 filed with the SEC on March 1, 2023.

OVERVIEW

We are a commercial-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 class of anticancer therapeutics, 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 hematologic malignancies. We have set four strategic priorities for the business:

- execute the commercial launch for ELAHERE;
- expand the ELAHERE label by moving into platinum-sensitive ovarian cancer;
- advance our clinical pipeline of novel ADCs for hematologic and solid tumors; and
- strengthen and expand our pipeline through both internal discovery and external partnerships.

We believe that sound execution of these prioritized activities has the potential to create substantial short-and long-term value for shareholders, employees, patients, and other stakeholders in the Company.

ELAHERE (Mirvetuximab Soravtansine)

Approval and Launch

ELAHERE is a first-in-class ADC targeting folate receptor alpha (FRα), a cell-surface protein over-expressed in a number of epithelial tumors, including ovarian, endometrial, and non-small-cell lung cancers. On November 14, 2022, the FDA granted accelerated approval for ELAHERE for the treatment of adult patients with FRα positive, platinum-resistant epithelial ovarian, fallopian tube, or primary peritoneal cancer, who have received one to three prior systemic treatment regimens. The accelerated approval of ELAHERE was based on efficacy and safety outcomes from SORAYA, a single-arm trial of ELAHERE in patients with platinum-resistant ovarian cancer whose tumors express high levels of FRα. Continued approval may be contingent upon verification and description of clinical benefit in a confirmatory trial. Patients eligible for treatment with ELAHERE are selected by the VENTANA FOLR1 (FOLR1-2.1) RxDx Assay developed by Roche Tissue Diagnostics, which was also approved by the FDA on November 14, 2022. We completed the build-out of our U.S. commercial infrastructure in 2022 and initiated sales in the U.S. in November 2022.

Ongoing Development

In May 2023, we reported positive top-line data from MIRASOL, a randomized Phase 3 clinical trial designed to support full approval of ELAHERE. MIRASOL demonstrated:

- A statistically significant and clinically meaningful improvement in progression-free survival (PFS) by investigator assessment compared to investigators' choice (IC) chemotherapy, with a hazard ratio of 0.65 ($p<0.0001$), which represents a 35% reduction in the risk of tumor progression or death in the mirvetuximab arm compared to the IC chemotherapy arm. The median PFS in the mirvetuximab arm was 5.62 months, compared to 3.98 months in the IC chemotherapy arm.
- A statistically significant and clinically meaningful improvement in overall survival (OS) compared to IC chemotherapy. With 204 OS events reported as of March 6, 2023, the median OS was 16.46 months in the mirvetuximab arm, compared to 12.75 months in the IC chemotherapy arm, with a hazard ratio (HR) of 0.67, $p=0.0046$. This represents a 33% reduction in the risk of death in the ELAHERE arm in comparison to the IC chemotherapy arm.
- The objective response rate (ORR) by investigator assessment in the ELAHERE arm was 42.3%, including 12 complete responses (CRs), compared to 15.9%, with no CRs, in the IC chemotherapy arm.

In the fourth quarter of 2023, the European Medicines Agency (EMA) validated our Marketing Authorisation Application (MAA) to support approval of ELAHERE in Europe for the treatment of adult patients with FRα positive, platinum-resistant epithelial ovarian, fallopian tube, or primary peritoneal cancer, who have received one to three prior systemic treatment regimens. We also submitted a supplemental Biologics License Application (sBLA) to the FDA to support the conversion of the accelerated approval of ELAHERE to full approval. Additionally, our partner, Huadong, obtained acceptance of its MAA by the National Medical Products Administration (NMPA) of China for ELAHERE in the same indication to support potential approval and launch of ELAHERE in Greater China.

Beyond platinum-resistant ovarian cancer, our strategy is to move ELAHERE into platinum-sensitive disease, and to position the product as the combination agent of choice in ovarian cancer. To this end, in the fourth quarter of 2023, we reported that PICCOLO, a single-arm Phase 2 trial of ELAHERE monotherapy in later-line FRα positive platinum-sensitive patients, met the primary endpoint of objective response rate (ORR) based upon an interim assessment with no new safety signals identified. An ORR of at least 48% is expected when we report full data in mid-2024. We have also generated encouraging data in recurrent platinum-sensitive disease with the combination of ELAHERE plus

carboplatin and are supporting investigator sponsored trials (ISTs) with this combination in a single-arm trial in the neoadjuvant setting and in a randomized trial comparing ELAHERE combined with carboplatin to standard of care in patients with recurrent platinum-sensitive disease. We continued enrollment in our single-arm Phase 2 trial (0420) of this combination followed by ELAHERE continuation in FRα-low, medium, and high patients with platinum-sensitive disease. Results from this trial and our ongoing ISTs will inform a path to the potential registration for ELAHERE plus carboplatin and, in parallel, could support compendia listing for this combination. Lastly, we continue enrollment in GLORIOSA, a randomized Phase 3 trial of ELAHERE plus bevacizumab maintenance in FRα-high recurrent platinum-sensitive disease that we believe could support label expansion.

Pivekimab Sunirine

Pivekimab sunirine (PVEK), 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 trial, known as CADENZA, to include a new cohort of up to 20 frontline BPDCN patients.

Initial enrollment in CADENZA did not distinguish between de novo BPDCN patients and those who presented 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.

A Type B meeting was held in August 2022 regarding the initial data from the CADENZA trial. Based on FDA feedback on trial design provided in this meeting, the efficacy analysis will be conducted in de novo BPDCN patients with CR (complete response)/CRc (clinical complete response) 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 and continue to enroll PCHM patients in CADENZA to further evaluate PVEK in this population. In the second quarter of 2023, we completed enrollment of the efficacy evaluable cohort of de novo patients, and we expect to report top-line data on the primary and key secondary endpoints in 2024.

We are also conducting our 802 trial for PVEK, which is a Phase 1b/2 trial 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. In December 2022, safety and efficacy findings in relapsed refractory AML and initial data in frontline AML were presented at the American Society of Hematology Annual Meeting. In the first 10 frontline patients enrolled, 5/10 (50%) patients achieved a CR and 3/4 (75%) patients tested had a minimal residual disease (MRD)-negative CR. Based upon these results, the Company moved forward with two frontline AML expansion cohorts to optimize the duration of venetoclax therapy. We expect to share data from these cohorts at the American Society of Hematology (ASH) Annual Meeting in December 2023.

Other Pipeline Programs

We continue to advance 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. Phase 1 dose escalation was completed and expansion cohorts in non–small cell lung cancer (NSCLC) and triple-negative breast cancer initiated in the second half of 2022. Since then, we have prioritized the NSCLC cohort, and the Company expects to provide an update after an interim analysis.

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. We continue to advance our Phase 1 clinical trial evaluating

IMGN151 in patients with recurrent endometrial cancer and recurrent, high-grade serous epithelial ovarian, primary peritoneal, or fallopian tube cancers.

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. For more information concerning these relationships, including their ongoing financial and accounting impact on our business, please read Note C, “Collaboration and License Agreements,” to our consolidated financial statements included in this report.

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:

- inventory capitalization;
- revenue recognition; and
- stock-based compensation.

During the nine months ended September 30, 2023, 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, 2022 filed with the SEC on March 1, 2023.

RESULTS OF OPERATIONS

Revenues

For the three and nine months ended September 30, 2023, our total revenues increased $98.1 million and $178.8 million, respectively, compared to the three and nine months ended September 30, 2022, driven primarily by net product sales of ELAHERE in the current periods, partially offset by decreases in license and milestone fees and non-cash royalty revenue. See further discussion below.

Product revenue, net

On November 14, 2022, the FDA granted accelerated approval for ELAHERE for the treatment of adult patients with FRα positive, platinum-resistant epithelial ovarian, fallopian tube, or primary peritoneal cancer, who have received one to three prior systemic treatment regimens. For the three and nine months ended September 30, 2023, we recorded $105.2 million and $212.1 million, respectively, of net product revenue related to U.S. sales of ELAHERE.

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. In the three and nine months ended September 30, 2023, license and milestone fee revenue decreased $7.3 million and $30.1 million, respectively, compared to the three and nine months

ended September 30, 2022. Driving the decrease for the three months ended September 30, 2023, we recorded as revenue $4.6 million and $2.8 million related to upfront payments received pursuant to license agreements with Lilly and Novartis, respectively, during the three months ended September 30, 2022. During the nine months ended September 30, 2022, we recorded as revenue $28.5 million, $13.8 million, and $2.9 million related to upfront payments received pursuant to license agreements with Huadong, Lilly, and Novartis, respectively. Partially offsetting these decreases, during the nine months ended September 30, 2023, we received and recorded as revenue a $15.0 million upfront payment pursuant to a multi-target license and option agreement executed with Vertex in February 2023.

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, $7.4 million and $17.9 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, 2023, respectively, compared to $8.0 million and $21.5 million in non-cash royalty revenue recorded for the three and nine months ended September 30, 2022, respectively. The decreases are primarily a result of lower current and projected net sales of KADCYLA and lower royalty rates applied to increased sales generated in countries without patent coverage. See further details regarding these agreements in Note F, “Liability Related to Sale of Future Royalties,” of the Consolidated Financial Statements.

Cost of Sales

Our cost of sales includes the cost of producing and distributing inventories that are related to product revenue, including freight. In addition, shipping and handling costs for product shipments are recorded as incurred. Finally, cost of sales may also include costs related to excess or obsolete inventory adjustment charges.

Prior to receiving FDA accelerated approval for ELAHERE in November 2022, we manufactured inventory to be sold upon commercialization and recorded the costs as research and development expense. As a result, the manufacturing costs related to the inventory manufactured prior to receiving FDA accelerated approval were expensed in a prior period and are therefore excluded from the cost of goods sold for the three and nine months ended September 30, 2023. We estimate our cost of sales related to product revenue as a percentage of net product revenue will continue to be positively affected as we sell through certain inventory that was previously expensed prior to FDA approval. We expect to utilize low-cost inventory for at least the next year.

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). Certain reclassifications have been made to prior periods to conform with current year.

	Three Months Ended September 30,		Increase/	Nine Months Ended September 30,		Increase/
Research and Development Expenses	**2023**	**2022**	**(Decrease)**	**2023**	**2022**	**(Decrease)**
Research	$ 1,311	$ 560	$ 751	$ 3,821	$ 8,060	$ (4,239)
Preclinical and clinical testing	37,169	39,394	(2,225)	114,325	102,664	11,661
Process and product development	3,273	2,556	717	9,985	7,796	2,189
Manufacturing operations	5,817	16,671	(10,854)	21,136	36,365	(15,229)
Total research and development expenses	$ 47,570	$ 59,181	$ (11,611)	$ 149,267	$ 154,885	$ (5,618)

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. In the three months ended September 30, 2023, research expenses increased by $0.8 million driven largely by greater activity under our research collaboration agreement with Oxford BioTherapeutics Ltd. (OBT) as compared to the prior period. Driving the $4.2 million decrease in research expenses for the nine months ended September 30, 2023, during the prior year period, we recorded a $7.5 million upfront license fee paid pursuant to the OBT agreement as expense. Partially offsetting this expense, during the nine months ended September 30, 2023, we recorded greater committed research costs related to the agreement with OBT.

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 months ended September 30, 2023, preclinical and clinical testing expenses decreased by $2.2 million compared to the three months ended September 30, 2022, due primarily to lower hiring costs, a decrease in clinical trial costs driven by the winding down of the SORAYA and MIRASOL trials, and greater co-development reimbursement from MacroGenics, partially offset by increased salaries and benefit expenses resulting from an expanded medical affairs team to support the advancement of ELAHERE. For the nine months ended September 30, 2023, preclinical and clinical testing expenses increased by $11.7 million compared to the nine months ended September 30, 2022, due primarily to greater salaries and benefit expenses and an increase in clinical trial costs driven by our ELAHERE label expansion, PVEK, and IMGN151 trials, partially offset by lower hiring costs.

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, 2023, process and product development expenses increased by $0.7 million and $2.2 million, respectively, compared to the three and nine months ended September 30, 2022, due primarily to increased salaries and benefit expenses and third-party contract services related to advancing early-stage programs.

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, third-party staffing, 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, 2023, manufacturing operations expense decreased by $10.9 million and $15.2 million, respectively, compared to the three and nine months ended September 30, 2022, due primarily to raw materials produced for use in the manufacture and sale of ELAHERE in the prior year periods, which were expensed where produced prior to FDA accelerated approval but are now capitalized as inventory, partially offset by increases in salaries and benefit expenses.

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, 2023, selling, general and administrative expenses increased by $4.1 million and $40.1 million, respectively compared to the three and nine months ended September 30, 2022 due to greater expenses in support of advancing the U.S. launch of ELAHERE, including salaries and benefit expenses, infrastructure costs, and sales and marketing activities.

Interest income

Interest income on cash equivalents for the three and nine months ended September 30, 2023 was $7.4 million and $14.8 million, respectively, compared to $1.5 million and $2.2 million for the three and nine months ended September 30, 2022. The increases over prior year periods were driven by a significant increase in interest rates and higher average cash balances.

Interest expense on term loan

During the three and nine months ended September 30, 2023, we recorded interest expense of $2.5 million and $4.9 million related to the term loan executed with Pharmakon in April 2023 as described in Note G, “Senior Secured Term Loan.” Additionally, given our current capital and expected sales of ELAHERE, we determined the likelihood of drawing the second tranche of $50.0 million under the agreement to be remote, and as such, recorded a $1.0 million facility fee that is owed to Pharmakon regardless of whether the additional funding is drawn as interest expense for the nine months ended September 30, 2023.

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

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 F, “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, 2023, we recorded $0.9 million and $2.7 million, respectively, of non-cash interest expense which includes amortization of deferred financing costs, compared to $0.9 million and $3.2 million recorded in the three and nine months ended September 30, 2022. The decrease was a result of a lower average royalty liability balance for the period.

Additionally, during the three and nine months ended September 30, 2023, we recorded non-cash interest expense of $0.2 million and $0.3 million, respectively, in amortization of discount and issuance costs for the term loan executed with Pharmakon in April 2023.

Income Tax Benefit

Pursuant to additional Section 174 guidance issued by the Internal Revenue Service prior to finalizing our 2022 tax return but subsequent to preparing our 2022 year-end tax provision, we recorded a $1.2 million favorable tax adjustment during the three months ended September 30, 2023. Partially offsetting this benefit, during the nine months ended September 30, 2023, we recorded income tax expense of $0.8 million as a provision for calendar 2023.

LIQUIDITY AND CAPITAL RESOURCES

The tables below summarize our cash and cash equivalents, working capital, and shareholders’ equity as of September 30, 2023 and December 31, 2022, and cash flow activities for the nine months ended September 30, 2023 and 2022 (in thousands):

	As of	
	September 30, 2023	December 31, 2022
Cash and cash equivalents	$ 605,535	$ 275,138
Working capital	632,240	182,263
Shareholders’ equity	561,596	155,826

	Nine Months Ended September 30,	
	2023	2022
Cash used for operating activities	$ (137,690)	$ (169,603)
Cash used for investing activities	(1,641)	(1,116)
Cash provided by financing activities	469,728	1,480

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 debt financings in private and public markets, payments from our collaborators, including license fees, milestone payments, research funding, and royalties, and more recently, through commercial sales of ELAHERE. We have also monetized our rights to receive royalties on KADCYLA for upfront consideration. As of September 30, 2023, we had $605.5 million in cash and cash equivalents. Net cash used for operations was $137.7 million and $169.6 million for the nine months ended September 30, 2023 and 2022, respectively. The principal use of cash for operating activities for both periods presented was to fund our net loss, adjusted for non-cash items.

Net cash used for investing activities was $1.6 million and $1.1 million for the nine months ended September 30, 2023 and 2022, respectively, consisting of cash outflows for capital expenditures in both periods.

Net cash provided by financing activities was $469.7 million and $1.5 million for the nine months ended September 30, 2023 and 2022, respectively. Net cash provided by financing activities for the nine months ended September 30, 2023 and 2022 includes $47.1 million and $1.5 million, respectively, of proceeds from the exercise of stock options and sale of shares through our ESPP. In May 2023, pursuant to a public offering, we issued and sold 29.9 million shares of common stock resulting in net proceeds of $350.8 million.

Additionally, in April 2023, we entered into a loan agreement with funds managed by Pharmakon which provides for up to a $175.0 million senior secured term loan consisting of two tranches that each mature on April 6, 2028. The initial tranche of $75.0 million was drawn upon execution of the loan agreement, resulting in proceeds net of fees and expenses of $71.8 million. The second tranche of $50.0 million is available at our option and may be increased to $100.0 million upon mutual agreement of the parties. The term loan bears interest at a rate based upon the secured overnight financing rate (SOFR), subject to a SOFR floor of 2.75% per annum, plus 8.00% per annum. Payments will be interest-only for the first 36 months with an extension of 12 months if certain conditions are met, after which ratable principal payments will commence for the remainder of the term.

Future Capital Requirements

We have significant future capital requirements including:

- significant expected operating expenses to commercialize ELAHERE globally;
- significant expected operating expenses to conduct research and development activities and to potentially commercialize our portfolio;
- noncancelable in-process and future manufacturing obligations, including commercial supply of ELAHERE; and
- substantial facility lease obligations as described in Note K, “Leases,” included in our Annual Report on Form 10-K for the year ended December 31, 2022, and as described in Note J, “Leases,” included in this Quarterly Report on Form 10-Q.

We anticipate that our current capital resources will enable us to meet our operating expenses and capital requirements for more than twelve months after the date of filing this Quarterly Report on Form 10-Q. We expect to generate additional funds through a combination of commercial sales of ELAHERE and revenues from collaborations, including upfront license payments, milestone payments, royalty payments, and research funding, to support our planned operating activities; however, such activities may not succeed. If such activities do not raise sufficient funds, we may be required to seek additional funding through equity or other financings. The failure to generate sufficient funds from commercial sales of ELAHERE and collaborations or obtain additional funding through equity or other financings on acceptable terms 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, clinical, and/or commercial projects.

Recent Accounting Pronouncements

The information set forth under Note B, “Basis of Presentation and 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® is a registered trademark of Genentech, Inc.

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, 2022, filed with the SEC on March 1, 2023. 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*

During the nine months ended September 30, 2023, we implemented certain internal controls in connection with product revenue. There were no other 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, 2022 filed with the SEC on March 1, 2023 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 filed with the SEC on April 28, 2023. There have been no material changes from the factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022 or Quarterly Report on Form 10-Q for the quarter ended March 31, 2023. 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 5. ***Other Information***

Adoption of 10b5-1 Trading Plans by Our Officers and Directors

During the three months ended September 30, 2023, certain of our officers (as defined in Rule 16a-1(f) under the Exchange Act) and directors entered into contracts, instructions, or written plans for the purchase or sale of our securities that are intended to satisfy the conditions specified in Rule 10b5-1(c) under the Exchange Act for an affirmative defense against liability for trading in securities on the basis of material nonpublic information. We refer to these contracts, instructions, and written plans as "Rule 10b5-1 trading plans" and each one as a "Rule 10b5-1 trading plan." We describe the material terms of these Rule 10b5-1 trading plans below.

Anna Berkenblit, M.D., former Senior Vice President, Chief Medical Officer

On August 4, 2023, Dr. Anna Berkenblit, our former Senior Vice President, Chief Medical Officer, terminated a Rule 10b5-1 trading plan that she originally adopted on June 8, 2023. The plan provided for the sale of such number of shares of our common stock as would be necessary to raise funds sufficient to cover withholding taxes in connection with the vesting of restricted stock units. Sales of shares under the plan were scheduled to occur no earlier than February 5, 2024, and the plan was scheduled to terminate on February 27, 2026.

Also on August 4, 2023, Dr. Berkenblit terminated a separate Rule 10b5-1 trading plan that she originally adopted on June 8, 2023. The plan provided for the sale of up to an aggregate of 1,172,876 shares of our common stock, subject to adjustments for stock splits, stock combinations, stock dividends and other similar changes to our common stock, inclusive of the number of shares of our common stock as would be necessary to raise funds sufficient to cover withholding taxes and the exercise price, in connection with the exercise of stock options. Sales of shares under the plan were scheduled to occur no earlier than September 7, 2023, and the plan was scheduled to terminate on February 28, 2024.

Stacy A. Coen, Senior Vice President, Chief Business Officer

On August 10, 2023, Ms. Stacy A. Coen, our Senior Vice President, Chief Business Officer, entered into a Rule 10b5-1 trading plan that provides that she, acting through a broker, may sell up to an aggregate of 219,185 shares of our common stock, subject to adjustments for stock splits, stock combinations, stock dividends and other similar changes to our common stock, inclusive of the number of shares of our common stock as is necessary to raise funds sufficient to cover withholding taxes and the exercise price in connection with the exercise of stock options. Sales of shares under the plan may begin no earlier than November 13, 2023. The plan is scheduled to terminate on November 4, 2024, subject to earlier termination upon the sale of all shares subject to the plan, upon termination by Ms. Coen or the broker, or as otherwise provided in the plan.

ITEM 6. ***Exhibits***

Exhibit No.	Description
10.1±	Change in Control Severance Agreement dated as of September18, 2023 between the Registrant and Lauren White
10.2±	Offer Letter dated as of September 18, 2023 between the Registrant and Lauren White
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, 2023 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)

± *Exhibit is a management contract or compensatory plan, contract, or arrangement required to be filed as an exhibit to this Quarterly Report on Form 10-Q.*

† *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 2, 2023

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

Date: November 2, 2023

By: /s/ Lauren White
Lauren White
Senior Vice President and Chief Financial Officer (Principal Financial Officer)

EXHIBIT 10.1

CHANGE IN CONTROL SEVERANCE AGREEMENT

This Agreement is entered into as of the 18th day of September, 2023 (the "***Effective Date***") by and between ImmunoGen, Inc., a Massachusetts corporation (the "***Company***"), and Lauren White (the "***Executive***").

WHEREAS, the Company recognizes that the Executive's service to the Company is very important to the future success of the Company;

WHEREAS, the Executive desires to enter into this Agreement to provide the Executive with certain financial protection in the event that his employment terminates under certain conditions following a change in control of the Company; and

WHEREAS the Board of Directors of the Company (the "***Board***") has determined that it is in the best interests of the Company to enter into this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Executive hereby agree as follows:

1. Definitions.

(a) Cause. For purposes of this Agreement, "***Cause***" shall mean that the Executive has (i) willfully committed an act or omission that materially harms the Company; (ii) been grossly negligent in the performance of the Executive's duties to the Company; (iii) willfully failed or refused to follow the lawful and proper directives of the Board; (iv) been convicted of, or pleaded guilty or *nolo contendere*, to a felony; (v) committed an act involving moral turpitude that is or is reasonably expected to be injurious to the Company or its reputation; (vi) committed an act relating to the Executive's employment or the Company involving, in the good faith judgment of the Board, material fraud or theft; (vii) breached any material provision of this Agreement or any nondisclosure or non-competition agreement between the Executive and the Company, as all of the foregoing may be amended prospectively from time to time; or (viii) breached a material provision of any code of conduct or ethics policy in effect at the Company, as all of the foregoing may be amended prospectively from time to time.

(b) Change in Control. For purposes of this Agreement, a "***Change in Control***" shall mean the occurrence of any of the following events:

(i) Ownership. Any "Person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding voting securities (excluding for this purpose any such voting securities held by the Company or its Affiliates (as defined in the Company's 2018 Employee, Director and Consultant Equity Incentive Plan) or by any employee benefit plan of the Company) pursuant to a transaction or a series of related transactions which the Board does not approve; or

(ii) Merger/Sale of Assets. (A) A merger or consolidation of the Company whether or not approved by the Board, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or the parent of such corporation) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity or parent of such corporation, as the case may be, outstanding immediately after such merger or consolidation; or (B) the stockholders of the Company approve an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

(iii) Change in Board Composition. A change in the composition of the Board, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" shall mean directors who either (A) are directors of the Company as of June 16, 2021, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company).

(c) Disability. For purposes of this Agreement, "***Disability***" shall mean that the Executive (i) is unable to engage in any substantial gainful activity because of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of at least twelve (12) months, or (ii) is receiving income replacement benefits

for a period of at least three (3) months under a Company-sponsored disability plan because of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of at least twelve (12) months. Whether the Executive has a Disability will be determined by a majority of the Board based on evidence provided by one or more physicians selected by the Board and approved by the Executive, which approval shall not be unreasonably withheld. In any case, if a disability is determined to trigger the payment of any "deferred compensation" as defined in Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), disability shall be determined in accordance with Section 409A of the Code.

(d) Good Reason. For purposes of this Agreement, "***Good Reason***" shall mean the occurrence of one or more of the following without the Executive's consent: (i) a change in the principal location at which the Executive performs his duties for the Company to a new location that is at least a forty (40) mile longer commute for the Executive from the prior work location; (ii) a material change in the Executive's authority, functions, duties or responsibilities as an executive of the Company, which would cause his position with the Company to become of less responsibility, importance or scope than his highest position with the Company at any time from the date of this Agreement to immediately prior to the Change in Control, provided, however, that such material change is not in connection with the termination of the Executive's employment by the Company for Cause or death or Disability and further provided that it shall not be considered a material change if the Company becomes a subsidiary of another entity and the Executive continues to hold a position in the subsidiary that is at least as high (in both title and scope of responsibilities) as the highest position he held with the Company at any time from the date of this Agreement to immediately prior to the Change in Control; (iii) a material reduction in the Executive's annual base salary; or (iv) a material reduction in the Executive's target annual bonus as compared to the target annual bonus set for the previous fiscal year.

For purposes of any determination regarding the existence of Good Reason, any claim by the Executive that Good Reason exists shall be presumed to be correct unless the Company establishes by clear and convincing evidence that Good Reason does not exist.

2. Term of Agreement. The term of this Agreement (the "***Term***") shall commence on the Effective Date and shall continue in effect for two (2) years; provided, however, that commencing on the second anniversary of the Effective Date and continuing each anniversary thereafter, the Term shall automatically be extended for one (1) additional year unless, not later than nine (9) months before the conclusion of the Term, the Company or the Executive shall have given notice not to extend the Term; and further provided, however, that if a Change in Control shall have occurred during the Term, the Term shall expire on the last day of the twelfth (12^{th}) month following the month in which such Change in Control occurred. Notice of termination or termination of this Agreement shall not constitute Cause or Good Reason (both terms as defined above).

3. Termination; Notice; Severance Compensation.

(a) In the event that within a period of two (2) months before or twelve (12) months following the consummation of a Change in Control (such period, the "***Change in Control Period***") the Company elects to terminate the Executive's employment other than for Cause (but not including termination due to the Executive's Disability), then the Company shall give the Executive no less than sixty (60) days advance notice of such termination (the "***Company's Notice Period***"); provided that the Company may elect to require the Executive to cease performing work for the Company so long as the Company continues the Executive's full salary and benefits during the Company's Notice Period.

(b) In the event that during the Change in Control Period, the Executive elects to terminate his employment for Good Reason, then the Executive shall give the Company no less than thirty (30) days and no more than sixty (60) days advance notice of such termination (the "***Executive's Notice Period***") by indicating the specific termination provision in this Agreement relied upon and setting forth in reasonable detail any facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated (the "***Executive's Termination Notice***"); provided that the Company may elect to require the Executive to cease performing work for the Company so long as the Company continues the Executive's full salary and benefits during the Executive's Notice Period. In order to effect a termination for Good Reason pursuant to this Agreement, the Executive must give the Executive's Termination Notice not later than ninety (90) days following the occurrence of the Good Reason. The Company shall have the opportunity to cure the Good Reason condition within thirty (30) days following receipt of the Executive's Termination Notice, provided that if the Company has not notified the Executive in writing of its intention to cure the Good Reason Condition within ten (10) days following receipt of the Executive's Termination Notice, the Company shall be deemed to have irrevocably elected not to cure the Good Reason condition. If the Company elects not to cure the Good Reason condition, or has failed to cure the Good Reason condition within the applicable thirty (30)-day period, the Executive must separate from service no later than nine (9) months following initial occurrence of the Good Reason condition. If, within ten (10) days following the earlier of (i) the Company's election not to cure the Good Reason condition, or (ii) expiration of the thirty (30)-day cure period, either (A) the Company notifies the Executive in writing that it disputes whether the Executive has given the Executive's Termination Notice in good faith and established Good Reason to quit, or (B) the Executive notifies the Company in writing that the Company has failed to cure the Good Reason condition, then the

Executive's termination date (the "***Termination Date***") shall be extended until the sooner of (x) the resolution of the dispute by mutual agreement of the parties, or (y) final order, decree or judgment of an arbitrator (which the parties agree is not appealable), during which time (1) the Executive shall not be required to perform work for the Company, and (2) the Company shall continue to pay the Executive's full salary in effect immediately prior to the Executive giving the Executive's Termination Notice (or, if higher, immediately prior to the change in control), and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the Executive's Termination Notice was given; provided that the amounts paid under this Section are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

(c) In the event that during the Change in Control Period the Executive's employment with the Company is terminated by the Company other than for Cause (but not including termination due to the Executive's death or Disability), or by the Executive for Good Reason, then, contingent upon the Executive's execution of a release of claims against the Company in substantially the form attached hereto as Exhibit A (the "***Release***") the Executive shall be entitled to, in addition to any amounts due to the Executive for services rendered prior to the termination date:

1(i) a lump sum payment from the Company in an amount equal to one and one-half (1.5) times the sum of the Executive's Annual Salary and the Executive's target annual bonus for the fiscal year in which the termination occurs (without giving effect to any event or circumstance constituting Good Reason) at one hundred percent (100%) of such target annual bonus, which shall be paid on the sixtieth (60^{th}) day following the Executive's Termination Date, provided that the Release is executed and effective by then or the Executive shall forfeit the payment of such amount;

1(ii) all outstanding options, restricted stock and other similar rights held by the Executive, which shall become one hundred percent (100%) vested on the sixtieth (60^{th}) day following the Executive's Termination Date, provided that the Release is executed and effective by then or the Executive shall forfeit the vesting;

(iii) provided Executive elects continuation of medical insurance coverage for the Executive and/or the Executive's family subject to and in accordance with the Consolidated Omnibus Budget Reconciliation Act ("***COBRA***"), the Company will subsidize the Executive's COBRA premium at the same percentage as it subsidized health insurance premiums for the Executive immediately prior to the Executive's Termination Date (or, if more favorable to the Executive, immediately prior to the consummation of the Change in Control) (the "***COBRA Premium Subsidy***") for a period of up to eighteen (18) months from the Executive's Termination Date; provided that the Company shall have no obligation to provide the COBRA Premium Subsidy after the date the Executive becomes eligible for medical coverage with another employer or becomes entitled to Medicare, notice of which the Executive shall provide to the Company within five (5) business days of the eligibility event. If the Company determines that the COBRA Premium Subsidy is taxable income to the Executive, the income will be reported on Form W-2 as imputed income; and

(iv) the Company shall pay the cost of providing the Executive with outplacement services up to a maximum of $40,000, provided that (A) the Executive begins to use such services within six (6) months following the Executive's Termination Date, and (B) such services are provided by an outplacement services provider approved by the Company (which approval shall not be unreasonably withheld, conditioned or delayed). Such payment shall be made by the Company directly to the service provider promptly following the presentation to the Company of documentation of the enrollment by the Executive with the provider of outplacement services and the service provider's invoice for such services. In no event will the Executive be entitled to receive the cash value of the outplacement services in lieu of the outplacement services.

For purposes of this Agreement, "***Annual Salary***" shall mean the Executive's annual base salary then in effect or, if higher, in effect at the time of the Change in Control, excluding reimbursements and amounts attributable to stock options and other non-cash compensation; and the "***Severance Compensation***" shall mean the compensation set forth in (i), (ii), (iii), and (iv) above.

(d) If any of the benefits set forth in this Agreement are deferred compensation as defined in Section 409A of the Code, any termination of employment triggering payment of such benefits must constitute a "separation from service" under Section 409A of the Code before, subject to subsection (e) below, a distribution of such benefits can commence. For purposes of clarification, this Section shall not cause any forfeiture of benefits on the part of the Executive, but shall only act as a delay until such time as a "separation from service" occurs. In addition, the Company Notice Period and the Executive Notice Period shall be interpreted and administered in accordance with Section 409A of the Code and the "separation from service" rules thereunder. In particular, if a waiver of the Company Notice Period or the Executive Notice Period triggers a "separation from service," such waiver shall constitute a termination and any amounts due to the Executive over the remaining portion of the applicable notice period shall be deemed additional severance under

Section 3(c)(ii) of this Agreement and paid accordingly. In addition, any applicable notice or release periods and dates of payment shall be adjusted accordingly.

(e) Notwithstanding any other provision with respect to the timing of payments, if, at the time of the Executive's termination, the Executive is deemed to be a "specified employee" (within the meaning of Code Section 409A, and any successor statute, regulation and guidance thereto) of the Company, then solely to the extent necessary to comply with the requirements of Code Section 409A, any payments to which the Executive may become entitled under this Agreement which are subject to Code Section 409A (and not otherwise exempt from its application) will be withheld until the first (1st) business day of the seventh (7th) month following the termination of the Executive's employment, at which time the Executive shall be paid an aggregate amount equal to the accumulated, but unpaid, payments otherwise due to the Executive under the terms of this Agreement.

(f) Notwithstanding any other provision of this Agreement to the contrary, to the extent any payment contemplated hereunder is subject to the Executive's execution of the Release, the Release must be executed no later than ninety (90) days following the Termination Date. If this 90-day period starts in one tax year and ends in the next, then the payments may not commence until the later of the end of the Release revocation period or the first day of that next tax year.

(g) If any payment or benefit the Executive would receive under this Agreement, when combined with any other payment or benefit the Executive receives pursuant to a Change in Control ("***Payment***") would (i) constitute a "parachute payment" within the meaning of Code Section 280G, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then such Payment shall be either (x) the full amount of such Payment or (y) such less amount as would result in no portion of the Payment being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state, and local employments taxes, income taxes, and the Excise Tax results in the Executive's receipt, on an after-tax basis, of the greater amount of the Payment, notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. The Company shall, in a manner compliant with Code Section 409A, determine in good faith which payment(s) or benefit(s) to reduce based on what provides the best economic result for the Executive. The Company shall provide the Executive with sufficient information to support its determination and to allow the Executive to file and pay any required taxes.

4. No Duplication of Compensation. The Severance Compensation shall replace, and be provided in lieu of, any severance or similar compensation, excepting payment during the resolution of a dispute regarding Good Reason as provided in Section 3(b), that may be provided to the Executive under any other agreement or arrangement in relation to termination of employment; provided, however, that this prohibition against duplication shall not be construed to otherwise limit the Executive's rights to payments or benefits provided under any pension plan (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended), deferred compensation, stock, stock option or similar plan sponsored by the Company. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which may have been made by either party.

5. No Mitigation. If the Executive's employment with the Company terminates following a Change in Control, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 3 or Section 14. Except as set forth in Section 4, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by the Executive as the result of employment by another employer (with the exception of the COBRA Premium Subsidy, which shall terminate when the Executive becomes eligible for medical insurance through another employer or the Executive becomes entitled to Medicare), by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

6. Confidentiality, Non-Competition, and Assignment of Inventions. The Company's obligations under this Agreement are contingent upon the Executive's execution of the Company's Proprietary Information, Inventions, and Competition Agreement (the "***Proprietary Information Agreement***"). The parties agree that the obligations set forth in the Proprietary Information Agreement shall survive termination of this Agreement and termination of the Executive's employment, regardless of the reason for such termination.

7. Enforceability. If any provision of this Agreement shall be deemed invalid or unenforceable as written, this Agreement shall be construed, to the greatest extent possible, or modified, to the extent allowable by law, in a manner which shall render it valid and enforceable. No invalidity or unenforceability of any provision contained herein shall affect any other portion of this Agreement.

8. Notices. Except as otherwise specifically provided herein, any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notices to the Executive shall be sent to the last known address in the Company's records or such other address as the Executive may specify in writing.

Notices to the Company shall be sent to the Company's Chairman of the Board (or if the Chairman of the Board is also the CEO, to the Company's Lead Director), or to such other Company representative as the Company may specify in writing.

9. Claims for Benefits. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Board a decision of the Board within sixty (60) days after notification by the Board that the Executive's claim has been denied. In no event shall the Board's claims or appeals determination be given any deference or weight in any subsequent legal proceeding.

Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration, paid for by the Company, in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply; and further provided that the parties agree that the binding arbitration protocol shall be structured such that a decision will issue not later than ninety (90) days following notice in the event of a dispute concerning Good Reason pursuant to Section 3(b). Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, the Executive shall be entitled to seek specific performance of the Executive's right to be paid until the Termination Date during the pendency of any dispute or controversy arising under of in connection with this Agreement.

10. Modifications and Amendments. The terms and provisions of this Agreement may be modified or amended only by written agreement executed by the Company and the Executive. The Company and the Executive agree that they will jointly execute an amendment to modify this Agreement to the extent necessary to comply with or be exempt from the requirements of Code Section 409A, or any successor statute, regulation and guidance thereto; provided that no such amendment shall increase the total financial obligation of the Company under this Agreement.

11. Waivers and Consents. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by a written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

12. Binding Effect; Assignment. The Agreement will be binding upon and inure to the benefit of (a) the heirs, executors and legal representatives of the Executive upon the Executive's death and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of the Agreement for all purposes. For this purpose, "successor" means any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of the Executive to receive any form of compensation payable pursuant to the Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance or other disposition of the Executive's right to compensation or other benefits will be null and void.

13. Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the law of the Commonwealth of Massachusetts, without giving effect to the conflict of law principles thereof.

14. Attorneys' Fees. The Company shall pay to the Executive all legal fees and expenses incurred by the Executive in disputing in good faith any issue hereunder relating to the termination of the Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement. Such payments shall be made within five (5) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

15. Withholding. The Company is authorized to withhold, or to cause to be withheld, from any payment or benefit under the Agreement the full amount of any applicable withholding taxes.

16. Tax Consequences. The Company does not guarantee the tax treatment or tax consequences associated with any payment or benefit arising under this Agreement.

17. Acknowledgment. The Executive acknowledges that he has had the opportunity to discuss this matter with and obtain advice from his private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of the Agreement, and is knowingly and voluntarily entering into the Agreement.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19. Section 409A. The parties hereto intend that the payments and benefits provided by this Agreement shall be exempt to the maximum extent from the requirements of Code Section 409A and related regulations and Treasury pronouncements, and this Agreement shall be interpreted accordingly. To the extent subject to Code Section 409A, the Agreement shall be interpreted to comply with such requirements. Each separately identified payment or benefit hereunder shall be deemed to be a separately determinable payment for purposes of Code Section 409A, and each payment to be made in installments shall be deemed a series of separate payments. If any provision provided herein could result in the imposition of an additional tax under the provisions of Code Section 409A, the Executive and the Company agree that such provision will be reformed to avoid imposition of any such additional tax in the manner that the Executive and the Company mutually agree is appropriate to comply with or be exempt from Code Section 409A.

20. Reimbursements. To the extent there are any reimbursements of expenses under this Agreement including, without limitation, under Section 14 hereof, payments with respect to such reimbursements shall be made no later than on or before the last day of the calendar year following the calendar year in which the relevant expense is incurred. The amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year and any such reimbursements may not be exchanged or liquidated for any other benefit or payment.

[Signature Page follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Change in Control Severance Agreement as of the day and year first above written.

COMPANY:

IMMUNOGEN, INC.

/s/ Mark J. Enyedy
Name: Mark J. Enyedy
Title: President and Chief Executive Officer

EXECUTIVE:

/s/ Lauren White
Name: Lauren White

Exhibit A

GENERAL RELEASE

1. General Release. In consideration of the payments and benefits to be made under that certain Change in Control Severance Agreement, dated **September 18, 2023** (the "***Agreement***"), **Lauren White** (the "***Executive***"), with the intention of binding the Executive and the Executive's heirs, executors, administrators and assigns, does hereby release, remise, acquit and forever discharge ImmunoGen, Inc. (the "***Company***") and each of its subsidiaries and affiliates (collectively, the "***Company Affiliated Group***"), their present and former officers, directors, executives, agents, insurers, attorneys, employees, and employee benefits plans (and the fiduciaries thereof), and the successors, predecessors, and assigns of each of the foregoing (collectively with the Company Affiliated Group, the "***Company Released Parties***"), of and from any and all claims, actions, causes of action, complaints, charges, demands, rights, damages, debts, sums of money, accounts, financial obligations, suits, expenses, attorneys' fees and liabilities of whatever kind or nature in law, equity or otherwise, whether accrued, absolute, contingent, unliquidated or otherwise and whether now known or unknown, suspected or unsuspected which the Executive, individually or as a member of a class, now has, owns or holds, or has at any time heretofore had, owned or held, against any Company Released Party in any capacity, including, without limitation, any and all claims (i) arising out of or in any way connected with the Executive's service to any member of the Company Affiliated Group (or the predecessors thereof) in any capacity, or the termination of such service in any such capacity, (ii) for severance or vacation benefits, unpaid wages, rights in or for equity based awards, salary or incentive payments, (iii) for breach of contract, wrongful discharge, impairment of economic opportunity, defamation, intentional infliction of emotional harm or other tort and (iv) for any violation of applicable state and local labor and employment laws (including, without limitation, all laws concerning unlawful and unfair labor and employment practices), any and all claims based on the Employee Retirement Income Security Act of 1974 ("***ERISA***"), any and all claims arising under the civil rights laws of any federal, state or local jurisdiction, including, without limitation, Title VII of the Civil Rights Act of 1964 ("***Title VII***"), the Age Discrimination in Employment Act ("***ADEA***"), the Americans with Disabilities Act ("***ADA***"), Sections 503 and 504 of the Rehabilitation Act the Family and Medical Leave Act, the Massachusetts Fair Employment Practices Act, the Massachusetts Payment of Wages Law, An Act Relative to Domestic Violence, and any and all claims under any whistleblower laws or whistleblower provisions of other laws.

2. No Admissions. The Executive acknowledges and agrees that this General Release is not to be construed in any way as an admission of any liability whatsoever by any Company Released Party, any such liability being expressly denied.

3. Application to all Forms of Relief. This General Release applies to any relief no matter how called, including, without limitation, wages, back pay, front pay, compensatory damages, liquidated damages, punitive damages for pain or suffering, costs and attorney's fees and expenses.

4. Specific Waiver. The Executive specifically acknowledges that his acceptance of the terms of this General Release is, among other things, a specific waiver of his rights, claims and causes of action under Title VII, ADEA, ADA, the Massachusetts Fair Employment Practices Act and any state or local law or regulation in respect of discrimination of any kind; provided, however, that nothing herein shall be deemed, nor does anything herein purport, to be a waiver of any right or claim or cause of action which by law the Executive is not permitted to waive.

The Executive expressly agrees and understands that the release of claims contained herein is a ***General Release*** and that any references to specific claims arising out of or in connection with the Executive's employment or termination are not intended to limit the release of claims. The Executive expressly agrees and understands that this ***General Release*** means that the Executive is releasing, remising and discharging the Released Parties from and with respect to all claims, whether known or unknown, asserted or unasserted, and whether or not the claims arise out of or in connection with the Executive's employment or termination, or otherwise, to the extent permitted by law.

5. No Complaints or Other Claims. The Executive acknowledges and agrees that he has not, with respect to any transaction or state of facts existing prior to the date hereof, filed any complaints, charges or lawsuits against any Company Released Party with any governmental agency, court or tribunal. This General Release does not: (i) prohibit or restrict Executive from communicating, providing relevant information to or otherwise cooperating with the U.S. Equal Employment Opportunity Commission or any other governmental authority with responsibility for the administration of fair employment practices laws regarding a possible violation of such laws or responding to any inquiry from such authority, including an inquiry about the existence of this General Release or its underlying facts, or (ii) require Executive to notify the Company of such communications or inquiry.

6. Conditions of General Release.

(a) Terms and Conditions. From and after the date of termination of employment, the Executive shall abide by all the terms and conditions of this General Release and the terms and any conditions set forth in any employment or confidentiality agreements signed by the Executive, which is incorporated herein by reference.

(b) Confidentiality. The Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or any legal process, or as is necessary in connection with any adversarial proceeding against any member of the Company Affiliated Group (in which case the Executive shall cooperate with the Company in obtaining a protective order at the Company's expense against disclosure by a court of competent jurisdiction), communicate, to anyone other than the Company and those designated by the Company or on behalf of the Company in the furtherance of its business, any trade secrets, confidential information, knowledge or data relating to any member of the Company Affiliated Group, obtained by the Executive during the Executive's employment by the Company that is not generally available public knowledge (other than acts by the Executive in violation of this General Release). This confidentiality obligation is in addition to, and not in lieu of, any other contractual, statutory and common law confidentiality obligation of the Executive to the Company.

(c) Return of Company Material. The Executive represents that he has returned to the Company all Company Material (as defined below). For purposes of this Section 6(c), "***Company Material***" means any documents, files and other property and information of any kind belonging or relating to (i) any member of the Company Affiliated Group, (ii) the current and former suppliers, creditors, directors, officers, employees, agents and customers of any of them or (iii) the businesses, products, services and operations (including without limitation, business, financial and accounting practices) of any of them, in each case whether tangible or intangible (including, without limitation, credit cards, building and office access cards, keys, computer equipment, cellular telephones, pagers, electronic devices, hardware, manuals, files, documents, records, software, customer data, research, financial data and information, memoranda, surveys, correspondence, statistics and payroll and other employee data, and any copies, compilations, extracts, excerpts, summaries and other notes thereof or relating thereto), excluding only information (x) that is generally available public knowledge or (y) that relates to the Executive's compensation or Executive benefits.

(d) Cooperation. Following the date of termination of employment, the Executive shall reasonably cooperate with the Company upon reasonable request of the Board of Directors and be reasonably available to the Company with respect to matters arising out of the Executive's services to the Company Affiliated Group.

(e) Nondisparagement. The Executive acknowledges and agrees that, following execution of this General Release, he shall not make any statements that are professionally or personally disparaging about or adverse to the interests of any Company Released Party, including, but not limited to, any statements that disparage in any way whatsoever the Company’s products, services, businesses, finances, financial condition, capabilities or other characteristics.

(f) Ownership of Inventions, Non-Disclosure, Non-Competition and Non-Solicitation. The Executive expressly acknowledges and agrees that the Proprietary Information, Inventions, and Competition Agreement executed by him is incorporated herein by reference, and shall survive the execution of this General Release in full force and effect pursuant to its terms.

(g) No Representation. The Executive acknowledges that, other than as set forth in this General Release and the Agreement, (i) no promises have been made to him and (ii) in signing this General Release the Executive is not relying upon any statement or representation made by or on behalf of any Company Released Party and each or any of them concerning the merits of any claims or the nature, amount, extent or duration of any damages relating to any claims or the amount of any money, benefits, or compensation due the Executive or claimed by the Executive, or concerning the General Release or concerning any other thing or matter.

(h) Injunctive Relief. In the event of a breach or threatened breach by the Executive of this Section 6, the Executive agrees that the Company shall be entitled to injunctive relief in a court of appropriate jurisdiction to remedy any such breach or threatened breach, the Executive acknowledging that damages would be inadequate or insufficient.

7. Voluntariness. The Executive agrees that he is relying solely upon his own judgment; that the Executive is over eighteen years of age and is legally competent to sign this General Release; that the Executive is signing this General Release of his own free will; that the Executive has read and understood the General Release before signing it; and that the Executive is signing this General Release in exchange for consideration that he believes is satisfactory and adequate.

8. Legal Counsel. The Executive acknowledges that he has been informed of the right to consult with legal counsel and has been encouraged to do so.

9. Complete Agreement/Severability. Other than the agreements and/or obligations specifically referenced as surviving herein, this General Release constitutes the complete and final agreement between the parties and supersedes and replaces all prior or contemporaneous agreements, negotiations, or discussions relating to the subject matter of this General Release. All provisions and portions of this General Release are severable. If any provision or portion of this General Release or the application of any provision or portion of the General Release shall be determined to be invalid or unenforceable to any extent or for any reason, all other provisions and portions of this General Release shall remain in full force and shall continue to be enforceable to the fullest and greatest extent permitted by law.

10. Acceptance. The Executive acknowledges that he has been given a period of twenty-one (21) days within which to consider this General Release, unless applicable law requires a longer period, in which case the Executive shall be advised of such longer period and such longer period shall apply. The Executive may accept this General Release at any time within this period of time by signing the General Release and returning it to the Company.

11. Revocability. This General Release shall not become effective or enforceable until seven (7) calendar days after the Executive signs it. The Executive may revoke his acceptance of this General Release at any time within that seven (7) calendar day period by sending written notice to the Company. Such notice must be received by the Company within the seven (7) calendar day period in order to be effective and, if so received, would void this General Release for all purposes.

12. Governing Law. Except for issues or matters as to which federal law is applicable, this General Release shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts without giving effect to the conflicts of law principles thereof.

[Signature page follows]

IN WITNESS WHEREOF, the Executive has executed this General Release as of the date last set forth below.

EXECUTIVE

_____ Date: _____

Name: Lauren White

August 4, 2023
Lauren White
16 Laudholm Rd
Newton, MA 02458

Dear Lauren:

I am delighted to offer you the full-time position of Senior Vice President, Chief Financial Officer at ImmunoGen, Inc. ("ImmunoGen or the "Company"). The terms and conditions of this offer are set out below. We look forward to you joining ImmunoGen.

Position. As noted above, your title will be Senior Vice President, Chief Financial Officer, and you will be reporting to Mark Enyedy. Your duties as an employee of the Company shall be as reasonably determined by your manager in consultation with you. You agree to devote your best efforts during all business time to the performance of such responsibilities and agree that you will not perform any professional work outside of your work for ImmunoGen that is inconsistent with the Company's Code of Corporate Conduct.

Start Date. Your anticipated first day of work with ImmunoGen is a date to be mutually agreed upon, but no later than Monday, September 18, 2023 (the "Start Date").

Work Location/In-Office Schedule. Your work location will be ImmunoGen's Waltham office. In your role, you will be expected to work in the office at least 3 days per week and have the option to work the remaining days of the week remotely. This hybrid work schedule is subject to change at ImmunoGen's discretion.

Salary. Upon commencement of your employment, you will be paid at an annual salary of $500,000. Your salary will be paid bi-weekly, less applicable deductions and withholdings. Your annual salary will be prorated for the remainder of 2023 based on your Start Date. You will be eligible to be considered for a salary increase based on your performance in 2023. Any salary increase will be pro-rated based on your Start Date. Salary increases are discretionary and are typically awarded in February or March of the following year as part of ImmunoGen's performance appraisal process.

Discretionary Annual Bonus. You will be eligible for a discretionary annual bonus of up to 40% of your annual salary for the year ending December 31, 2023, in accordance with the terms of ImmunoGen's written Bonus Policy. Any bonus awarded to you for your service in 2023 will be pro-rated based on your Start Date. Bonuses are at the discretion of the Board of Directors and are based on Company and individual performance. You must be employed by ImmunoGen on the date that bonuses are paid to be eligible for a bonus.

Sign-On Bonus. ImmunoGen will pay you a sign-on bonus in the amount of $152,000 (the "Sign-On Bonus"), less applicable deductions and withholding. This Sign-On Bonus will be paid to you in conjunction with your first regular payroll check. If, within 12 months of your Start Date, you terminate your employment with the Company (other than by reason of Good Reason (as defined in your Change In Control Severance Agreement), death or disability), or your employment is terminated by the Company for Cause (as defined in your Change In Control Severance Agreement), you agree to reimburse ImmunoGen as follows: (i) if you pay back the Sign-On Bonus in calendar year 2023, you agree to reimburse ImmunoGen the net amount paid to you after deductions and withholdings; (ii) if you pay back the Sign-On Bonus in calendar year 2024, you agree to reimburse ImmunoGen the full (gross) amount of the Sign-On Bonus. You agree to repay ImmunoGen any amount owed within 30 days of your termination date.

Initial Equity Grant. In addition, within 30 days of the Start Date, ImmunoGen will grant you an equity award consisting of a combination of a stock option award of the right to purchase 295,975 shares of our common stock (the "Stock Option Award") and a restricted stock unit award (the "RSU Award") of 51,625 units, each under the terms of

ImmunoGen's Inducement Equity Incentive Plan (the "Award"). The Stock Option Award will vest over a term of four years, with 25% of the shares covered by the Stock Option Award vesting on the one-year anniversary of the Start Date, and thereafter an additional 6.25% of the covered shares vesting on each succeeding quarterly anniversary of the Start Date. The per share exercise price (the "strike price") for the Stock Option Award will be the closing sale price of our shares as reported on Nasdaq Global Select Market on the grant date. The RSU Award will vest over a term of four years, with 25% of the shares covered by the RSU Award vesting on each of the first four anniversaries of the Start Date.

Annual Equity Award. Beginning in 2024, you will be eligible to receive an equity award grant under ImmunoGen's 2018 Employee, Director and Consultant Equity Incentive Plan (or any successor plan) that is similar to those granted to other employees of the Company of comparable job level/title, subject to variation based on individual performance. Any Annual Equity Award you are granted in 2024 is based on your performance and the Company's performance in 2023 and will be pro-rated based on your Start Date. Any such grant is discretionary and subject to the approval of the Compensation Committee of the Board of Directors. Grants will be made in conjunction with the Company's annual performance appraisal process, which generally occurs in February or March of each year. To be eligible for an Equity Award, you must be actively employed by ImmunoGen on the grant date of the award.

Severance. As an executive officer, you will be eligible for a severance arrangement that, under certain circumstances, will provide you with benefits in the event of a termination of your employment during specified periods preceding and following a change of control of the Company. The terms of the severance arrangement are set forth in the Change in Control Severance Agreement (the "Change in Control Severance Agreement") accompanying this letter. You will also be eligible to participate in the Company's Severance Pay Plan for Vice Presidents and Higher ("Severance Pay Plan") in effect at the time of your separation which, under certain circumstances, will provide you with benefits in connection with a termination of your employment, other than for Cause (as defined in the Severance Pay Plan) and outside the context of a change in control of the Company. The terms of the Change in Control Severance Agreement and Severance Pay Plan will govern the provision of these benefits.

Vacation. You will be eligible for up to 25 days of paid vacation per year accrued on a monthly basis. Your vacation time will begin to accrue on your Start Date. Currently, employees can carry-over a maximum of 10 vacation days from one calendar year to the next.

Benefits. You also will be entitled to participate in the Company's benefit plans to the same extent as, and subject to the same terms and conditions as are generally applicable to other full-time employees. These benefits currently include, but are not limited to, vacation, paid sick time, life, health, dental and disability insurance, and participation in ImmunoGen's 401(k) plan. For a more detailed understanding of the benefits and the eligibility requirements, please consult the summary plan descriptions for the applicable programs, which will be made available to you upon request.

Classification. You will be classified as an exempt employee, which means that you are not eligible for overtime compensation based on the hours you work. You understand that your salary is intended to compensate you for all hours worked.

At-Will Employment. Your employment relationship with ImmunoGen is "at-will," meaning that either you or the Company may terminate the employment relationship at any time, for any reason, and with or without notice. Although your duties, title, compensation, and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at-will" nature of your employment may only be changed in an express agreement signed by the Chief Executive Officer, the Chief Legal Officer, or the Chief Human Resources Officer of the Company.

Work Authorization. ImmunoGen is required by the Immigration and Naturalization Service to verify that each employee is eligible to work in the United States. This offer is contingent upon your being able to establish that you are legally authorized to work in the United States on or before your Start Date.

References/Background Check. This offer is contingent upon ImmunoGen obtaining satisfactory references and, if required, a satisfactory background check.

Proprietary Information and Inventions Agreement. On your first day of employment, you will be required to sign ImmunoGen's Proprietary Information and Inventions Agreement, the Change in Control Severance Agreement, and an acknowledgment that you agree to be bound by the Company's Insider Trading Policy. Copies of each accompany this letter. By signing below, you acknowledge and agree that your employment by the Company will not violate any agreement which you may have with any third party and that you will provide ImmunoGen with a copy of any such agreement when you return this offer letter.

Please acknowledge your understanding and agreement with the employment terms set forth in this letter by signing below. This offer will expire one week from the date of this letter.

We look forward to working with you!

Sincerely,

/s/ Daniel S. Char

Daniel S. Char
SVP and Chief Legal Officer

Acknowledged and Agreed to:

/s/ Lauren White August 8, 2023

Lauren White Date

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 2, 2023

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

EXHIBIT 31.2

CERTIFICATIONS

I, Lauren White, 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 2, 2023

/s/ Lauren White
Lauren White
Senior Vice President and 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, 2023 (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 2, 2023

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

Dated: November 2, 2023

/s/ LAUREN WHITE
Lauren White
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)