
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K/A
(Amendment No. 1)**

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): April 3, 2024

XOMA CORPORATION

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-39801
(Commission
File Number)

52-2154066
(I.R.S. Employer
Identification Number)

**2200 Powell Street, Suite 310
Emeryville, California 94608**
(Address of Principal Executive Offices)

94608
(Zip Code)

(510) 204-7200
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.0075 par value	XOMA	The Nasdaq Global Market
8.625% Series A Cumulative Perpetual Preferred Stock, par value \$0.05 per share	XOMAP	The Nasdaq Global Market
Depository Shares (each representing 1/1000th interest in a share of 8.375% Series B Cumulative Perpetual Preferred Stock, par value \$0.05 per share)	XOMAO	The Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

EXPLANATORY NOTE

On April 3, 2024, XOMA Corporation (the “Company” or “XOMA”) filed a Current Report on Form 8-K with the Securities and Exchange Commission (the “Original Form 8-K”) reporting the Company’s completion of the acquisition of all outstanding shares of common stock, par value \$0.0001 per share, of Kinnate Biopharma Inc., a Delaware corporation (“Kinnate”), pursuant to an Agreement and Plan of Merger, dated as of February 16, 2024 in exchange for (i) \$2.5879 in cash per share, plus (ii) one non-transferable contractual contingent value right per share.

The Company is filing this amendment to the Original Form 8-K (“Amendment”) to amend and supplement the Original Form 8-K to include historical financial statements of Kinnate and pro forma financial information as required by Items 9.01(a) and 9.01(b), respectively, of Form 8-K and that were excluded from the Original Form 8-K in reliance on the instructions to such items. Except as noted in this paragraph, no other information contained in the Original Form 8-K is amended or supplemented. This Amendment should be read together with the Original Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired

The financial statements of Kinnate as of and for the three months ended March 31, 2024 (unaudited), as of and for the three months ended March 31, 2023 (unaudited) and as of and for the years ended December 31, 2023 and 2022 (audited) are filed as Exhibit 99.2, Exhibit 99.3 and Exhibit 99.4, respectively, to this Amendment and incorporated herein by reference.

(b) Pro Forma Financial Information

The unaudited pro forma condensed combined balance sheet as of March 31, 2024, the unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2024, the unaudited pro forma combined statement of operations for the year ended December 31, 2023, and notes to the unaudited pro forma condensed combined financial information of the Company, all giving effect to the acquisition, are filed as Exhibit 99.5 to this Amendment and incorporated herein by reference.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
2.1+	Agreement and Plan of Merger between XOMA, Kinnate and Purchaser, dated February 16, 2024 (incorporated herein by reference to Exhibit 2.1 to Form 8-K filed by XOMA Corporation on February 16, 2024).
2.2+	Contingent Value Rights Agreement, dated April 3, 2024, by and between XOMA Corporation, XRA 1 Corp., Broadridge Corporate Issuer Solutions, LLC and Fortis Advisors LLC (incorporated herein by reference to Exhibit 2.2 to Form 8-K filed by XOMA Corporation on April 3, 2024).
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm.
99.1+	Press Release issued by XOMA Corporation on April 3, 2024 (incorporated herein by reference to Exhibit (a)(5)(D) to the Schedule O-T/A filed by XOMA Corporation on April 3, 2024).
99.2	Unaudited Condensed Consolidated Financial Statements of Kinnate Biopharma Inc. as of and for the three Months Ended March 31, 2024
99.3	Unaudited Condensed Consolidated Financial Statements of Kinnate Biopharma Inc. as of and for the three Months Ended March 31, 2023 (incorporated herein by reference to Item 1 of the Form 10-Q filed by Kinnate Biopharma Inc. on May 11, 2023).
99.4	Audited Consolidated Financial Statements of Kinnate Biopharma Inc. as of and for the Years Ended December 31, 2023 and 2022 (incorporated herein by reference to Item 8 of the Form 10-K filed by Kinnate Biopharma Inc. on March 28, 2024).
99.5	Unaudited Pro Forma Condensed Combined Financial Information of XOMA Corporation
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

+ Previously 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 hereunto duly authorized.

XOMA CORPORATION

Date: June 13, 2024

By: /s/ Owen Hughes

Name: Owen Hughes

Title: Chief Executive Officer



KPMG LLP
Suite 1100
4655 Executive Drive
San Diego, CA 92121-3132

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-269459, 333-151416, 333-171429, 333-174730, 333-181849, 333-198719, 333-204367, 333-212238, 333-218378, 333-232398, 333-265248 and 333-272054) on Form S-8, registration statement No. 333-277812 on Form S-4 and registration statement No. 333-277794 on Form S-3 of XOMA Corporation of our report dated March 28, 2024, with respect to the consolidated financial statements of Kinnate Biopharma Inc., which report appears in the Form 8-K/A of XOMA Corporation dated June 13, 2024.

KPMG LLP

San Diego, California
June 13, 2024

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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KINNATE BIOPHARMA INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)
(in thousands)

	March 31, 2024
Assets	
Current assets:	
Cash and cash equivalents	\$ 151,298
Prepaid expenses and other current assets	<u>2,628</u>
Total current assets	153,926
Right-of-use lease asset	791
Other non-current assets	<u>27</u>
Total assets	<u><u>\$ 154,744</u></u>
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	\$ 115
Accrued expenses	4,139
Current portion of operating lease liability	<u>361</u>
Total current liabilities	4,615
Operating lease liability, long-term	<u>505</u>
Total liabilities	5,120
Stockholders' equity:	
Common stock	5
Additional paid-in capital	534,720
Accumulated other comprehensive loss	(5)
Accumulated deficit	<u>(385,096)</u>
Total stockholders' equity	<u>149,624</u>
Total liabilities and stockholders' equity	<u><u>\$ 154,744</u></u>

KINNATE BIOPHARMA INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited)
(in thousands)

	Three months ended March 31, 2024
Operating expenses:	
Research and development	\$ 4,075
General and administrative	8,782
Restructuring costs	2,316
Gain on sale of research program assets	<u>(1,830)</u>
Total operating expenses	<u>13,343</u>
Loss from operations	(13,343)
Other income, net	<u>259</u>
Net loss	<u>\$ (13,084)</u>
Other comprehensive income:	
Currency translation adjustments	<u>7</u>
Total comprehensive loss	<u>\$ (13,077)</u>

KINNATE BIOPHARMA INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(unaudited)
(in thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount		Loss	Deficit	
Balances at December 31, 2023	47,124,349	\$ 5	\$ 531,346	\$ (12)	\$ (372,012)	\$ 159,327
Stock-based compensation expense	—	—	3,336	—	—	3,336
Shares issued under equity incentive plans	108,388	—	38	—	—	38
Net loss	—	—	—	—	(13,084)	(13,084)
Other comprehensive income	—	—	—	7	—	7
Balances at March 31, 2024	<u>47,232,737</u>	<u>\$ 5</u>	<u>\$ 534,720</u>	<u>\$ (5)</u>	<u>\$ (385,096)</u>	<u>\$ 149,624</u>

KINNATE BIOPHARMA INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)
(in thousands)

	Three months ended March 31, 2024
Cash flows from operating activities:	
Net loss	\$ (13,084)
Adjustments to reconcile net loss to net cash used in operating activities:	
Stock-based compensation expense	3,336
Loss on disposition of property and equipment	2,208
Depreciation	64
Gain on termination of operating lease	(611)
Non-cash gain on sale of research program assets	(1,830)
Accretion on investments	(570)
Changes in operating assets and liabilities:	
Prepaid expenses and other assets	879
Operating lease right-of-use assets and liabilities, net	(1)
Accounts payable and accrued expenses	(4,372)
Net cash used in operating activities	(13,981)
Cash flows from investing activities:	
Sales and maturities of investments	107,872
Net cash provided by investing activities	107,872
Cash flows from financing activities:	
Proceeds from issuance of common stock under equity incentive plans	38
Net cash provided by financing activities	38
Net increase in cash and cash equivalents	93,929
Cash, cash equivalents, and restricted cash at the beginning of period	57,369
Cash and cash equivalents at the end of period	\$ 151,298

KINNATE BIOPHARMA INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Organization and Basis of Presentation

Organization and Nature of Operations

Kinnate Biopharma Inc. (Kinnate or the Company) was incorporated in the State of Delaware in January 2018. The Company formerly had offices in San Francisco and San Diego, California prior to assigning its lease agreements and transitioning to a remote-only company. The Company is a precision oncology company focused on the discovery, design and development of small molecule kinase inhibitors for difficult-to-treat, genomically defined cancers.

Since its inception, the Company has devoted substantially all of its resources to research and development activities, business planning, establishing and maintaining its intellectual property portfolio, hiring personnel, raising capital, and providing general and administrative support for these operations. It has incurred losses and negative cash flows from operations since commencement of its operations. The Company had an accumulated deficit of \$385.1 million and had cash and cash equivalents of \$151.3 million as of March 31, 2024. From its inception through March 31, 2024, the Company has financed its operations primarily through issuances of common stock.

On April 3, 2024, Kinnate was acquired and became a wholly owned subsidiary of XOMA Corporation (XOMA). Pursuant to the merger agreement, XOMA paid a price per share of common stock outstanding consideration of \$2.5879 plus a non-transferable contingent value right representing the right to receive potential payments pursuant to the Contingent Value Rights Agreement (CVR). Immediately prior to the acquisition of the Company by XOMA, each option outstanding and not then vested or exercisable became fully vested and exercisable. As of the date of the acquisition, all outstanding options were cancelled, and the holders of the options were granted a right to potentially receive cash from the CVR.

Concurrent with XOMA's acquisition of the Company, the Company amended and restated the certificate of incorporation under which a total of 100 shares of a new class of Common Stock at par value \$0.01 were authorized. On April 17, 2024, the Company filed the notice of termination of registration with the Securities Exchange Commission (SEC).

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All intercompany transactions and balances have been eliminated in consolidation. The unaudited condensed consolidated financial statements include all known adjustments which, in the opinion of management, are necessary for a fair presentation of the results as required by U.S. GAAP. These adjustments consist primarily of normal recurring accruals and estimates that impact the carrying value of assets and liabilities. Operating results presented in these unaudited condensed consolidated financial statements are not necessarily indicative of future results. These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2023, included in the Company's Annual Report on Form 10-K filed with the SEC on March 28, 2024. The unaudited condensed consolidated financial statements for the comparative period are included in the Company's Quarterly Report on Form 10-Q filed with the SEC on May 11, 2023.

2. Balance sheet components

Accrued expenses consisted of the following (in thousands):

	March 31, 2024
Accrued legal fees	\$ 2,051
Accrued research and development	1,022
Accrued restructuring costs	820
Other accruals	246
Total	<u>\$ 4,139</u>

In connection with the assignment of the Company's operating leases (see Note 4) and the restructuring plan (see Note 5), all property and equipment were disposed of in the first quarter of 2024 for no consideration resulting in a loss on disposition of \$2.2 million recognized within other income, net in the condensed consolidated statement of operations and comprehensive loss.

3. Fair Value Measurements

The carrying amounts of the Company's cash, prepaid expenses and other current assets, accounts payable and accrued expenses are generally considered to be representative of their fair value because of the short-term nature of these instruments.

The following table presents the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as of March 31, 2024 (in thousands):

	Valuation Hierarchy	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Assets:					
Cash equivalents:					
Money market funds	Level 1	\$ 143,801	\$ —	\$ —	\$ 143,801
Total		<u>\$ 143,801</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 143,801</u>

During the three months ended March 31, 2024, the Company did not recognize any impairment charge for any of its investments.

4. Commitments and Contingencies

Operating Leases

In January 2024, the Company entered into a lease assignment agreement with an assignee to assign the remainder of the lease commitment for the Company's office space located in San Diego, California. The Company was unconditionally released from its obligation under the lease. In connection with the assignment, the Company derecognized the corresponding right-of-use lease asset of \$1.6 million and operating lease liability of \$2.2 million resulting in a gain from the termination of the lease of \$0.6 million, offset by \$0.2 million in transaction costs. The gain from the termination of the lease is included in other income, net in the condensed consolidated statement of operations and comprehensive loss. Additionally, upon release from the obligation, the standby letter of credit of \$0.4 million previously classified as non-current restricted cash was reclassified to cash and cash equivalents on the condensed consolidated balance sheet.

In August 2021, the Company entered into an agreement to lease office space located in San Francisco, California (SF Lease). The SF Lease commenced in January 2022 and expires on June 30, 2026. In February 2024, the Company entered into a lease assignment agreement with an assignee to assign the remainder of the lease commitment for the Company's office space located in San Francisco, California. The Company remains obligated for the lease payments should the assignee default, however the Company is not liable for the property taxes, insurance and common area maintenance which were recognized as variable lease costs in prior periods.

5. Restructuring costs

In September 2023, the Company began implementing its Strategic Plan which included the reduction of its workforce by approximately 70%. In January 2024, a further reduction of the workforce was implemented. Employees affected obtained involuntary termination benefits that were provided pursuant to a one-time benefit arrangement.

Restructuring costs are presented within accrued expenses on the condensed consolidated balance sheet. The following table presents the change in the liability related to the Strategic Plan (in thousands):

	March 31, 2024
Accrued restructuring costs as of December 31, 2023	\$ 255
One-time employee termination benefits	2,316
Amounts paid during the period	<u>(1,751)</u>
Accrued restructuring costs as of March 31, 2024	<u>\$ 820</u>

6. Sale of research and development program assets

On February 27, 2024, the Company entered into an Asset Purchase Agreement (the Purchase Agreement) with Pierre Fabre Médicament, SAS (Pierre Fabre), pursuant to which the Company sold the global rights to its investigational pan-RAF inhibitor, exarafenib, and other pan-RAF program assets to Pierre Fabre. Pursuant to the Purchase Agreement, the Company received \$0.5 million in cash at closing for transaction costs. The Company may receive an additional \$30.5 million upon the achievement of certain developmental milestones. In addition, Pierre Fabre assumed \$2.5 million of accrued research and development expenses and \$0.6 million of prepaid expenses and other current assets. A total gain of \$1.8 million on the sale of research and development assets was recognized in the first quarter of 2024 on the condensed consolidated statement of operations and comprehensive loss.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On April 3, 2024, XOMA Corporation (the “Company” or XOMA”) completed the previously announced acquisition (“Transaction”) of Kinnate Biopharma Inc. (“Kinnate”), pursuant to an Agreement and Plan of Merger, dated as of February 16, 2024 (the “Merger Agreement”), by and among Kinnate, the Company and XRA 1 Corp (“XRA”), a wholly owned subsidiary of XOMA.

Under the terms of the Merger Agreement, the Company acquired Kinnate through a tender offer for (i) \$2.5879 in cash per share of Kinnate common stock, plus (ii) one non-transferable contractual contingent value right (“CVR”) per share of Kinnate common stock. The aggregate cash consideration paid by the Company upon completion of the tender offer was \$122.7 million, exclusive of transaction related fees. The Company financed the acquisition with cash on hand. Following the merger, XRA merged with and into Kinnate, and Kinnate continued as the surviving corporation in the merger and a wholly owned subsidiary of the Company.

The presentation of the unaudited pro forma condensed combined balance sheet as of March 31, 2024 gives effect to the Transaction as if it had occurred on March 31, 2024. The presentation of the unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2024 and year ended December 31, 2023 reflects the combined results of operations as if the Transaction had occurred on January 1, 2023, the beginning of the Company’s 2023 fiscal year. The unaudited pro forma condensed combined financial statements include adjustments that reflect the accounting for the Transaction in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).

The unaudited pro forma condensed combined financial information, including the notes thereto, was derived from and should be read in conjunction with the following historical financial statements and the accompanying notes:

- The historical audited consolidated financial statements of the Company as of and for the year ended December 31, 2023 included in its Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on March 8, 2024;
- The historical unaudited condensed consolidated financial statements of the Company as of and for the three months ended March 31, 2024 included in its Quarterly Report on Form 10-Q filed with the SEC on May 9, 2024;
- The historical audited consolidated financial statements of Kinnate as of and for the year ended December 31, 2023 included in its Annual Report on Form 10-K filed with the SEC on March 28, 2024; and
- The historical unaudited condensed consolidated financial statements of Kinnate as of and for the three months ended March 31, 2024 included as Exhibit 99.2 in the Company Current Report on Form 8-K/A to which this Exhibit 99.5 is attached.

The unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X, as amended. The unaudited pro forma condensed combined financial information should be read in conjunction with the accompanying notes to the unaudited pro forma combined financial information.

The unaudited pro forma condensed combined financial information has been prepared by XOMA using the acquisition method of accounting in accordance with U.S. GAAP. XOMA has been treated as the acquirer in the Transaction for accounting purposes. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The unaudited pro forma condensed combined financial information is provided for informational purposes only and is not necessarily indicative of results that would have occurred had the acquisition been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to be indicative of the future financial position or operating results of the combined operations and does not reflect the costs of any integration activities or benefits that may result from realization of future cost savings from operating efficiencies or revenue synergies expected to result from the Transaction.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of March 31, 2024
(in thousands)

	<u>XOMA Historical</u>	<u>Kinnate Historical</u>	<u>Transaction Accounting Adjustments</u>	<u>Note 4</u>	<u>Pro Forma Combined</u>
Assets					
Current assets:					
Cash and cash equivalents	\$ 136,225	\$ 151,298	\$ (122,646) (8,917)	A B	\$ 155,960
Short-term restricted cash	160	—			160
Short-term equity securities	413	—			413
Trade and other receivables, net	3	—			3
Short-term royalty and commercial payment receivables	9,819	—			9,819
Prepaid expenses are other current assets	<u>270</u>	<u>2,628</u>	<u>682</u>	B	<u>3,580</u>
Total current assets	146,890	153,926	(130,881)		169,935
Long-term restricted cash	6,016	—			6,016
Property and equipment, net	40	—			40
Operating lease right-of-use assets	364	791	(791)	B	364
Long-term royalty and commercial payment receivables	65,577	—			65,577
Exarafenib milestone asset	—	—	2,922	B	2,922
Other assets – long term	<u>533</u>	<u>27</u>	<u>(27)</u>	B	<u>533</u>
Total assets	<u>\$ 219,420</u>	<u>\$ 154,744</u>	<u>\$ (128,777)</u>		<u>\$ 245,387</u>
Liabilities and stockholders' equity					
Current liabilities:					
Accounts payable	\$ 1,515	\$ 115	\$ (114)	B	\$ 1,516
Accrued and other liabilities	1,299	4,139	(2,108) 3,616	B D	6,946
Contingent consideration under RPAs, AAAs, and CPPAs	3,000	—			3,000
Operating lease liabilities	55	361	(39)	B	377
Unearned revenue recognized under units-of-revenue method	2,159	—			2,159
Preferred stock dividend accrual	1,368	—			1,368
Current portion of long-term debt	<u>6,144</u>	<u>—</u>			<u>6,144</u>
Total current liabilities	15,540	4,615	1,355		21,510
Unearned revenue recognized under units-of-revenue method – long term	6,692	—			6,692
Long-term operating lease liabilities	319	505	(3)	B	821
Exarafenib milestone contingent consideration	—	—	2,922	B	2,922
Long-term debt	<u>114,528</u>	<u>—</u>			<u>114,528</u>
Total liabilities	<u>137,079</u>	<u>5,120</u>	<u>4,274</u>		<u>146,473</u>
Stockholders' equity:					
Series A perpetual preferred stock	49	—			49
Series B perpetual preferred stock	—	—			—
Convertible preferred stock	—	—			—
Common stock	87	5	(5)	C	87
Additional paid-in capital	1,314,036	534,720	(534,720)	C	1,314,036
Accumulated other comprehensive loss	—	(5)	5	C	—
Accumulated deficit	(1,231,831)	(385,096)	(122,646) (6,789) 534,720 (3,616)	A B C D	(1,215,258)
Total stockholders' equity	<u>82,341</u>	<u>149,624</u>	<u>(133,051)</u>		<u>98,914</u>
Total liabilities and stockholders' equity	<u>\$ 219,420</u>	<u>\$ 154,744</u>	<u>\$ (128,777)</u>		<u>\$ 245,387</u>

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Three Months Ended March 31, 2024
(in thousands, except per share data)

	XOMA Historical	Kinnate Historical	Transaction Accounting Adjustments	Note 4	Pro Forma Combined
Revenues:					
Revenue from contracts with customers	\$ 1,000	\$ —	\$ —		\$ 1,000
Revenue recognized from units-of-revenue method	490	—	—		490
Total revenues	<u>1,490</u>	<u>—</u>	<u>—</u>		<u>1,490</u>
Operating expenses:					
Research and development	33	4,075	—		4,108
General and administrative	8,461	8,782	—		17,243
Restructuring costs	—	2,316	—		2,316
Gain on sale of research program assets	—	(1,830)	—		(1,830)
Total operating expenses	<u>8,494</u>	<u>13,343</u>	<u>—</u>		<u>21,837</u>
Loss from operations	<u>(7,004)</u>	<u>(13,343)</u>	<u>—</u>		<u>(20,347)</u>
Interest expense	(3,551)	—	—		(3,551)
Other income (expense), net	1,960	259	—		2,219
Loss before income taxes	<u>(8,595)</u>	<u>(13,084)</u>	<u>—</u>		<u>(21,679)</u>
Income tax benefit	—	—	—		—
Net loss	<u>\$ (8,595)</u>	<u>\$ (13,084)</u>	<u>\$ —</u>		<u>\$ (21,679)</u>
Less: accumulated dividends on Series A and Series B preferred stock	(1,368)	—	—		(1,368)
Net loss attributable to common stockholders, basic and diluted	<u>\$ (9,963)</u>	<u>—</u>	<u>—</u>		<u>\$ (23,047)</u>
Basic and diluted net loss per share attributable to common stockholders	<u>\$ (0.86)</u>	<u>—</u>	<u>—</u>		<u>\$ (1.99)</u>
Weighted average shares used in computing basic and diluted net loss per share attributable to common stockholders	<u>11,580</u>	<u>—</u>	<u>—</u>		<u>11,580</u>

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2023
(in thousands, except per share data)

	XOMA Historical	Kinnate Historical	Transaction Accounting Adjustments	Note 4	Pro Forma Combined
Revenues:					
Revenue from contracts with customers	\$ 2,650	\$ —	\$ —		\$ 2,650
Revenue recognized from units-of-revenue method	2,108	—	—		2,108
Total revenues	<u>4,758</u>	<u>—</u>	<u>—</u>		<u>4,758</u>
Operating expenses:					
Research and development	143	90,767	—		90,910
General and administrative	25,606	28,241	3,616	BB	57,463
Impairment charges	15,828	—	—		15,828
Arbitration settlement costs	4,132	—	—		4,132
Amortization of intangible assets	897	—	—		897
Restructuring costs	—	2,168	—		2,168
Total operating expenses	<u>46,606</u>	<u>121,176</u>	<u>3,616</u>		<u>171,398</u>
Loss from operations	(41,848)	(121,176)	(3,616)		(166,640)
Interest expense	(569)	—	—		(569)
Gain on the acquisition of Kinnate	—	—	20,189	AA	20,189
Other income (expense), net	1,586	8,527	—		10,113
Loss before income taxes	(40,831)	(112,649)	16,573		(136,907)
Income tax benefit	—	—	—		—
Net loss	<u>\$(40,831)</u>	<u>\$(112,649)</u>	<u>\$ 16,573</u>		<u>\$(136,907)</u>
Less: accumulated dividends on Series A and Series B preferred stock	(5,472)	—	—		(5,472)
Net loss attributable to common stockholders, basic and diluted	<u>\$(46,303)</u>	<u>\$(112,649)</u>	<u>\$ 16,573</u>		<u>\$(142,379)</u>
Basic and diluted net loss per share attributable to common stockholders	<u>\$ (4.04)</u>	<u>\$ (4.04)</u>	<u>\$ 1.42</u>		<u>\$ (12.41)</u>
Weighted average shares used in computing basic and diluted net loss per share attributable to common stockholders	<u>11,471</u>	<u>11,471</u>	<u>11,471</u>		<u>11,471</u>

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Description of the Transaction

On February 16, 2024, the Company entered into the Merger Agreement with Kinnate and XRA pursuant to which the Company acquired Kinnate through a tender offer for (i) \$2.5879 in cash per share of Kinnate common stock, plus (ii) one CVR per share of Kinnate common stock. The merger closed on April 3, 2024 (the "Merger Closing Date"), and XRA merged with and into Kinnate. Following the merger, Kinnate continued as the surviving corporation in the merger and a wholly owned subsidiary of the Company.

Each Kinnate CVR represents the right to receive potential payments pursuant to the terms and subject to the conditions of the Contingent Value Rights Agreement, dated April 3, 2024 (the "CVR Agreement"), by and among the Company, XRA, a right agent and a representative of the CVR holders. On February 27, 2024, Kinnate sold Exarafenib and related IP to Pierre Fabre Medicament, SAS ("Pierre") for an upfront cash consideration of \$0.5 million and contingent consideration of \$30.5 million upon the achievement of certain specified milestones ("Exarafenib Sale"). Kinnate CVR holders will be entitled to 100% of any further net proceeds from the Exarafenib Sale until the fifth anniversary of the Merger Closing Date, together with 85% of net proceeds, if any, from any license or other disposition of any or all rights to any product, product candidate or research program active at Kinnate as of the closing that occurs within one year of the Merger Closing Date, in each case subject to and in accordance with the terms of the CVR Agreement.

2. Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial information was prepared in accordance with U.S. GAAP and pursuant to Article 11 of Regulation S-X, as amended. The unaudited pro forma condensed combined balance sheet as of March 31, 2024 gives effect to the Transaction as if it had been consummated on March 31, 2024. The unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2024 and the year ended December 31, 2023 give effect to the Transaction as if it had been consummated on January 1, 2023.

The financial statements included in the unaudited pro forma condensed combined financial information have been prepared in accordance with U.S. GAAP. The historical financial statements have been adjusted in the unaudited pro forma condensed combined financial information to give effect to pro forma events that reflect the accounting for the Transaction in accordance with U.S. GAAP.

The unaudited pro forma condensed combined financial information has been compiled in a manner consistent with the accounting policies adopted by the Company. The accounting policies of Kinnate have been determined to be similar in all material respects to the Company's accounting policies. As a result, no adjustments for accounting policy differences have been reflected in the unaudited condensed combined financial information.

The unaudited pro forma condensed combined financial information has been prepared with the expectation that the Transaction will be treated as an asset acquisition, with the Company treated as the accounting acquirer. To determine the accounting for this transaction under U.S. GAAP, a company must assess whether an integrated set of assets and activities should be accounted for as an acquisition of a business or an asset acquisition. The guidance requires an initial screen test to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. The screen test was not expected to be met. As no substantive processes are being acquired, Kinnate is not expected to meet the definition of a business. As such, the Transaction is expected to be treated as an asset acquisition. As the fair value of net assets acquired is expected to exceed the total purchase consideration of the asset acquisition, a bargain purchase gain is expected to be recognized.

The unaudited pro forma condensed combined financial information is subject to change and is not necessarily indicative of the results that would have been achieved had the acquisition completed as of the dates indicated or that may be achieved in future periods. The Company believes its calculation of fair value recognized for the assets acquired is based on reasonable estimates and assumptions. Preliminary fair value estimates may change as additional information becomes available. There can be no assurance that the final determination will not result in material changes from these preliminary amounts.

3. Preliminary Purchase Consideration

The accompanying unaudited pro forma condensed combined financial statements reflect an estimated purchase consideration of approximately \$125.6 million, which consists of the following (in thousands):

Closing cash payment	\$122,646
Estimated fair value of the Exarafenib milestone contingent consideration ⁽¹⁾	2,922
Total purchase consideration	<u>\$125,568</u>

- (1) The fair value of the Exarafenib milestone contingent consideration was estimated using a probability-weighted discounted cash flow model for the amounts payable to Kinnate CVR holders under the CVR Agreement upon the achievement of certain specified milestones associated with the Exarafenib Sale.

A preliminary allocation of the total purchase consideration, as shown above, to the acquired assets and assumed liabilities of Kinnate is as follows (in thousands):

Cash and cash equivalents	\$142,381
Prepaid expenses and other current assets	3,310
Exarafenib milestone asset	2,922
Accounts payable	(1)
Accrued and other liabilities	(2,031)
Operating lease liabilities	(322)
Long-term operating lease liabilities	(502)
Net assets acquired	<u>\$145,757</u>
Reconciliation of net assets acquired to total purchase consideration:	
Net assets acquired	\$145,757
Less: Gain on the acquisition of Kinnate	<u>(20,189)</u>
Total purchase consideration	<u>\$125,568</u>

The allocation of the estimated purchase consideration is based on a preliminary estimate of the fair value of assets acquired and liabilities assumed as of the closing date of the Transaction.

4. Pro Forma Adjustments

The pro forma adjustments included in the unaudited pro forma condensed combined balance sheets as of March 31, 2024 are as follows:

- (A) Represents closing cash payment of \$122.7 million.
- (B) Represents the adjustment to the carrying value of the Kinnate assets acquired and liabilities assumed based on the preliminary purchase price allocation per Note 3.
- (C) To eliminate Kinnate's historical stockholders' equity balances, including the accumulated deficit.
- (D) Represents non-recurring post Transaction compensation expense consisting of severance and other separation benefits in connection with the termination of certain employees of Kinnate. Certain Kinnate employees are entitled to severance benefits pursuant to either employment agreements or other change in control arrangements that include double-trigger provisions upon the closing of the Transaction and the termination of employment, which occurred concurrent with the closing date. The amount is accrued in the pro forma condensed combined balance sheet and reflected as an adjustment to accrued and other liabilities and to accumulated deficit in the pro forma condensed combined balance sheet as of March 31, 2024.

The pro forma adjustments included in the unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2024 and the year ended December 31, 2023 are as follows:

- (AA) Represents a one-time bargain purchase gain on the acquisition of Kinnate as the total fair value of the net assets acquired exceeded the total purchase consideration.

(BB) Represents a one-time post Transaction compensation expense relating to severance and other separation benefits in connection with the termination of certain employees of Kinnate. The amount is reflected as a general and administrative expense in the pro forma combined statement of operations for the year ended December 31, 2023.