UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2024

OR

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

For the transition period from _____ to _____

Commission File Number: 001-41551

Acrivon Therapeutics, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**82-5125532**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
480 Arsenal Way, Suite 100 **Watertown, Massachusetts**	**02472**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (617) 207-8979

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	ACRV	Nasdaq Global 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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 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 ☒

As of November 7, 2024, the registrant had 31,136,296 shares of common stock, $0.001 par value per share, outstanding.

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Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, or the Quarterly Report, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," or "would" or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements about the following:

- the timing, progress and results of our preclinical studies and clinical trials of our drug candidates, including statements regarding the timing of initiation and completion of studies or trials and related preparatory work, the period during which the results of the trials will become available and our research and development programs;
- the timing of any Investigational New Drug, or IND, submissions, initiation of clinical trials and timing of expected clinical results for our lead drug candidate, ACR-368, ACR-2316, and our other future drug candidates;
- the timing of any submission of filings for regulatory approval of, and our ability to obtain and maintain regulatory approvals for, ACR-368, ACR-2316, and any other drug candidates for any indication;
- our ability to identify patients with the cancers treated by our drug candidates, and to enroll patients in trials;
- our expectations regarding the size of the patient populations, market acceptance and opportunity for and clinical utility of our drug candidates, if approved for commercial use;
- our manufacturing capabilities and strategy, including the scalability and commercial viability of our manufacturing methods and processes;
- our expectations regarding the scope of any approved indication for ACR-368, ACR-2316, or any other drug candidate;
- our ability to successfully commercialize our drug candidates;
- our ability to leverage our proprietary precision medicine platform, Acrivon Predictive Precision Proteomics, or AP3, to identify and develop future drug candidates;
- our estimates of our expenses, ongoing losses, future revenue, capital requirements and our need for or ability to obtain additional funding before we can expect to generate any revenue from drug sales;
- our ability to establish or maintain collaborations or strategic relationships;
- our ability to identify, recruit and retain key personnel;
- our reliance upon intellectual property licensed from third parties and our ability to obtain such licenses on commercially reasonable terms or at all;
- our ability to protect and enforce our intellectual property position for our drug candidates, and the scope of such protection;
- our financial performance;
- our competitive position and the development of and projections relating to our competitors or our industry;
- our estimates regarding future revenue, expenses and needs for additional financing;
- the impact of laws and regulations; and
- our expectations regarding the time during which we will be an emerging growth company under the JOBS Act.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, and results of operations. The outcome of the events described in these forward-looking statements is subject to risks and uncertainties, including the factors described in "Part I, Item 1A. Risk Factors" of our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or the SEC, on March 28, 2024, "Part II, Item 1A. Risk Factors" of this Quarterly Report and elsewhere in this Quarterly Report. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report. The results, events, and circumstances

reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report. While we believe that such information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements contained in this Quarterly Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in or expressed by, and you should not place undue reliance on, our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments.

Unless the context otherwise requires, all references in this Quarterly Report to "we," "us," "our," "our company," and "Acrivon" refer to Acrivon Therapeutics, Inc. and its subsidiaries.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

ACRIVON THERAPEUTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(in thousands, except share and per share data)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 43,415	$ 36,015
Short-term investments	144,038	91,443
Prepaid expenses and other current assets	1,531	2,234
Total current assets	188,984	129,692
Property and equipment, net	4,670	3,479
Operating lease right-of-use assets	3,797	4,429
Long-term investments	15,390	—
Restricted cash	196	414
Deferred offering costs	468	251
Other assets	1,179	—
Total assets	$ 214,684	$ 138,265
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,506	$ 5,048
Accrued expenses and other current liabilities	12,273	7,378
Operating lease liabilities, current	1,040	877
Total current liabilities	14,819	13,303
Operating lease liabilities, long-term	2,973	3,767
Total liabilities	17,792	17,070
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized as of September 30, 2024 and December 31, 2023; no shares issued and outstanding as of September 30, 2024 and December 31, 2023	—	—
Common stock, $0.001 par value; 500,000,000 shares authorized as of September 30, 2024 and December 31, 2023; 31,130,892 and 22,522,644 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	31	23
Additional paid-in capital	370,224	237,675
Accumulated other comprehensive income (loss)	782	(83)
Accumulated deficit	(174,145)	(116,420)
Total stockholders' equity	196,892	121,195
Total liabilities and stockholders' equity	$ 214,684	$ 138,265

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

ACRIVON THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)
(in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating expenses:				
Research and development	$ 18,864	$ 10,267	$ 45,362	$ 30,546
General and administrative	6,276	5,870	18,883	15,504
Total operating expenses	25,140	16,137	64,245	46,050
Loss from operations	(25,140)	(16,137)	(64,245)	(46,050)
Other income (expense), net:				
Interest income	2,698	1,768	6,838	5,345
Other income (expense), net	1	(97)	(318)	(431)
Total other income, net	2,699	1,671	6,520	4,914
Net loss	$ (22,441)	$ (14,466)	$ (57,725)	$ (41,136)
Net loss per share—basic and diluted	$ (0.59)	$ (0.66)	$ (1.79)	$ (1.87)
Weighted-average common stock outstanding—basic and diluted	38,105,131	22,081,162	32,297,457	21,991,509
Comprehensive loss:				
Net loss	$ (22,441)	$ (14,466)	$ (57,725)	$ (41,136)
Other comprehensive income (loss):				
Unrealized gain (loss) on available-for-sale investments, net of tax	801	125	865	(207)
Comprehensive loss	$ (21,640)	$ (14,341)	$ (56,860)	$ (41,343)

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

ACRIVON THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(in thousands, except share data)

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2023	22,522,644	$ 23	$ 237,675	$ (83)	$ (116,420)	$ 121,195
Exercise of common stock options	20,277	—	79	—	—	79
Issuance of common stock upon vesting of restricted stock units, net of shares withheld for tax	94,618	—	(166)	—	—	(166)
Stock-based compensation expense	—	—	3,344	—	—	3,344
Unrealized gain on available-for-sale investments, net of tax	—	—	—	13	—	13
Net loss	—	—	—	—	(16,486)	(16,486)
Balance at March 31, 2024	22,637,539	$ 23	$ 240,932	$ (70)	$ (132,906)	$ 107,979
Issuance of common stock in private placement, net of issuance costs of $3,360	8,235,000	8	66,629	—	—	66,637
Issuance of pre-funded warrants in private placement, net of issuance costs of $2,881	—	—	57,122	—	—	57,122
Exercise of common stock options	10,598	—	11	—	—	11
Issuance of common stock upon vesting of restricted stock units, net of shares withheld for tax	83,118	—	(510)	—	—	(510)
Stock-based compensation expense	—	—	3,566	—	—	3,566
Unrealized gain on available-for-sale investments, net of tax	—	—	—	51	—	51
Net loss	—	—	—	—	(18,798)	(18,798)
Balance at June 30, 2024	30,966,255	$ 31	$ 367,750	$ (19)	$ (151,704)	$ 216,058
Issuance of common stock upon vesting of restricted stock units, net of shares withheld for tax	164,637	—	(1,197)	—	—	(1,197)
Stock-based compensation expense	—	—	3,671	—	—	3,671
Unrealized gain on available-for-sale investments, net of tax	—	—	—	801	—	801
Net loss	—	—	—	—	(22,441)	(22,441)
Balance at September 30, 2024	31,130,892	$ 31	$ 370,224	$ 782	$ (174,145)	$ 196,892

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

ACRIVON THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(in thousands, except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2022	21,920,402	$ 22	$ 226,580	$ (95)	$ (56,032)	$ 170,475
Exercise of common stock options	232	—	—	—	—	—
Stock-based compensation expense	—	—	2,646	—	—	2,646
Unrealized gain on available-for-sale investments, net of tax	—	—	—	104	—	104
Net loss	—	—	—	—	(12,756)	(12,756)
Balance at March 31, 2023	21,920,634	$ 22	$ 229,226	$ 9	$ (68,788)	$ 160,469
Exercise of common stock options	148,026	—	379	—	—	379
Stock-based compensation expense	—	—	2,686	—	—	2,686
Unrealized loss on available-for-sale investments, net of tax	—	—	—	(436)	—	(436)
Net loss	—	—	—	—	(13,914)	(13,914)
Balance at June 30, 2023	22,068,660	$ 22	$ 232,291	$ (427)	$ (82,702)	$ 149,184
Exercise of common stock options	35,669	—	78	—	—	78
Issuance of common stock upon vesting of restricted stock units	140	—	—	—	—	—
Stock-based compensation expense	—	—	3,228	—	—	3,228
Unrealized gain on available-for-sale investments, net of tax	—	—	—	125	—	125
Net loss	—	—	—	—	(14,466)	(14,466)
Balance at September 30, 2023	22,104,469	$ 22	$ 235,597	$ (302)	$ (97,168)	$ 138,149

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

ACRIVON THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	Nine Months Ended September 30,	
	2024	**2023**
Cash flows from operating activities:		
Net loss	$ (57,725)	$ (41,136)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	703	387
Stock-based compensation expense	10,581	8,560
Non-cash lease expense	689	584
Net amortization of premiums and accretion of discounts on investments	(2,880)	(2,643)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	703	1,942
Accounts payable	(3,355)	439
Accrued expenses and other liabilities	4,841	2,133
Operating lease liabilities	(687)	(541)
Other assets	(1,179)	—
Net cash used in operating activities	(48,309)	(30,275)
Cash flows from investing activities:		
Purchases of short-term and long-term investments	(168,165)	(39,947)
Proceeds from maturities of short-term investments	103,923	70,265
Purchases of property and equipment	(1,941)	(137)
Net cash (used in) provided by investing activities	(66,183)	30,181
Cash flows from financing activities:		
Proceeds from issuance of common stock in private placement	69,997	—
Proceeds from issuance of pre-funded warrants in private placement	60,003	—
Proceeds from exercise of stock options	90	457
Payments of offering costs	(6,543)	—
Payments of tax withholdings related to vesting of restricted stock units	(1,873)	—
Net cash provided by financing activities	121,674	457
Net increase in cash, cash equivalents, and restricted cash	7,182	363
Cash, cash equivalents and restricted cash at beginning of period	36,429	29,907
Cash, cash equivalents and restricted cash at end of period	$ 43,611	$ 30,270
Supplemental disclosure of non-cash investing and financing activities:		
Purchases of property and equipment included in accounts payable and accrued expenses and other current liabilities	$ 588	$ 161
Right-of-use assets obtained in exchange for operating lease liability	$ 56	$ —
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	$ 43,415	$ 29,859
Restricted cash	196	411
Total cash, cash equivalents, and restricted cash	$ 43,611	$ 30,270

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

ACRIVON THERAPEUTICS, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Nature of the Business

Acrivon Therapeutics, Inc., (the "Company") is a clinical stage biopharmaceutical company developing precision medicines that the Company matches to patients whose tumors are predicted to be sensitive to each specific medicine by utilizing its proteomics-based patient responder identification platform. Acrivon is currently advancing its lead candidate, ACR-368, (also known as prexasertib), a selective small molecule inhibitor targeting CHK1 and CHK2 in a potentially registrational Phase 2 trial across multiple tumor types. The Company has received Fast Track designation from the U.S. Food and Drug Administration ("FDA") for the investigation of ACR-368 as monotherapy based on OncoSignature-predicted sensitivity in patients with platinum-resistant ovarian or endometrial cancer. Acrivon's ACR-368 OncoSignature test, which has not yet obtained regulatory approval, has been extensively evaluated in preclinical studies, including in two separate, blinded, prospectively-designed studies on pretreatment tumor biopsies collected from past third-party Phase 2 trials in patients with ovarian cancer treated with ACR-368. The FDA has granted Breakthrough Device designation for the ACR-368 OncoSignature assay for the identification of ovarian cancer patients who may benefit from ACR-368 treatment. In April 2024, the Company reported initial positive clinical data from its ongoing registrational-intent Phase 2b trial of ACR-368 for patients with locally advanced or metastatic, recurrent platinum-resistant ovarian cancer or endometrial adenocarcinoma (data cut as of April 1, 2024), including a confirmed objective response rate ("ORR") (per RECIST 1.1) of 50% in the prospective cohort of OncoSignature-positive patients who were efficacy-evaluable. In September 2024, the Company reported additional positive clinical data at the European Society of Medical Oncology conference from the ongoing registrational intent, multicenter Phase 2 trial of ACR-368 in patients with locally advanced or metastatic, recurrent endometrial cancer who had progressed on prior anti-PD-1 therapy, unless ineligible. Endometrial cancer had not been previously studied in prior ACR-368 trials sponsored by Eli Lilly and Company ("Lilly"). Using Acrivon Predictive Precision Proteomics ("AP3") for indication screening, this tumor type was predicted to be particularly sensitive to ACR-368 prior to the current ongoing Phase 2 study. The data were based on 35 safety-evaluable patients, of which 23 (8 OncoSignature-positive (BM+) and 15 OncoSignature-negative (BM-) patients) were efficacy-evaluable with at least one on-treatment scan (data cut off July 25, 2024). This data included a confirmed overall response rate ("ORR") of 62.5% (95% CI, 30.4-86.5) observed in prospectively-selected ACR-368 OncoSignature-positive patients with endometrial cancer. The data further validated the Company's AP3-based ACR-368 OncoSignature assay, which is used for prospective patient selection in this registrational intent trial, achieving a clear segregation of responders in the OncoSignature-positive versus OncoSignature-negative arms (p-value = 0.009).

In addition to ACR-368, Acrivon is also leveraging its proprietary AP3 precision medicine platform for developing its co-crystallography-driven, internally-discovered pipeline programs. These include ACR-2316, the Company's second clinical stage asset, a novel, potent, selective WEE1/PKMYT1 inhibitor designed using AP3 for superior single-agent activity through strong activation of not only CDK1 and CDK2, but also of PLK1 to drive pro-apoptotic cell death, as demonstrated in preclinical studies against benchmark inhibitors. In addition, the Company has a preclinical cell cycle program with an undisclosed target. In September 2024 the Company announced that the FDA had granted Investigational New Drug clearance for ACR-2316 and that initial clinical sites had been activated ahead of timelines. In October 2024, the Company announced that the first patient had been dosed in the Phase 1 clinical trial designed to assess the safety and tolerability of ACR-2316. Additional objectives of this trial include the determination of the maximal tolerated dose and recommended Phase 2 monotherapy dose, characterization of the pharmacokinetic profile, and preliminary evaluation of anti-tumor activity.

The Company was incorporated in March 2018 under the laws of the state of Delaware, and its principal offices are in Watertown, Massachusetts. Also in March 2018, the Company formed Acrivon AB, a wholly-owned subsidiary of the Company, established in Lund, Sweden. In December 2021, the Company formed Acrivon Securities Corporation, a wholly-owned subsidiary, established in Massachusetts.

Liquidity

As an emerging growth entity, the Company has devoted substantially all of its resources since inception to organizing and staffing the Company, business planning, raising capital, establishing its intellectual property portfolio, acquiring or discovering drug candidates, research and development activities for the Company's lead candidate ACR-368, for ACR-2316, the Company's internally discovered clinical stage asset, and other compounds, establishing arrangements with third parties for the manufacture of its drug candidates and component materials, and providing general and administrative support for these operations. As a result, the Company has incurred significant operating losses and negative cash flows from operations since its inception and anticipates such losses and negative cash flows will continue for the foreseeable future.

The Company has incurred recurring losses since its inception, including net losses of $57.7 million and $41.1 million for the nine months ended September 30, 2024 and 2023, respectively. As of September 30, 2024 and December 31, 2023 the Company had an

accumulated deficit of $174.1 million and $116.4 million, respectively. To date the Company has not generated any revenues and expects to continue generating operating losses for the foreseeable future as it continues to expand its research and development efforts.

Since its inception, the Company has funded its operations primarily with proceeds from the sales of shares of its convertible preferred stock, the issuance of convertible notes, and an initial public offering ("IPO") and concurrent private placement. Upon the closing of the Company's IPO on November 17, 2022, only common stock remains issued and outstanding. On April 8, 2024, the Company entered into a Private Investment in Public Equity ("PIPE") securities purchase agreement (the "PIPE Purchase Agreement") for a private placement with certain institutional and accredited investors (the "April 2024 Private Placement"). Pursuant to the PIPE Purchase Agreement, the Company agreed to issue and sell to the PIPE investors an aggregate of (i) 8,235,000 shares of the Company's common stock at a purchase price of $8.50 per share, and (ii) pre-funded warrants ("Pre-Funded Warrants") to purchase up to an aggregate of 7,060,000 shares of the Company's common stock at a purchase price of $8.499 per Pre-Funded Warrant, which represents the per share purchase price of the Company's common stock less the $0.001 per share exercise price for each Pre-Funded Warrant. The Pre-Funded Warrants are exercisable at any time after the date of issuance and do not expire. The April 2024 Private Placement closed on April 11, 2024, for aggregate net proceeds of $123.8 million, after deducting fees and expenses of $6.2 million. The April 2024 Private Placement is further described in Note 8.

The Company expects that its existing cash, cash equivalents and investments of $202.8 million as of September 30, 2024, will be sufficient to fund its operating expenses and capital expenditure requirements into the second half of 2026, which is at least 12 months from the date these condensed consolidated financial statements were issued.

The Company will need additional funding to support its planned operating activities. There can be no assurances, however, that the current operating plan will be achieved or that additional funding will be available on terms acceptable to the Company, or at all, considering the current interest rate environment. If the Company is unable to obtain sufficient funding, it could be required to delay its development efforts, limit activities and reduce research and development costs, which could adversely affect its business prospects.

ATM Program

On December 1, 2023, the Company filed a registration statement on Form S-3 (the "Registration Statement") with the U.S. Securities and Exchange Commission (the "SEC"), which was declared effective on December 15, 2023, which registered the offering, issuance, and sale of up to a maximum aggregate offering price of $300.0 million of common stock, preferred stock, debt securities, warrants and/or units of any combination thereof. The Company simultaneously entered into a sales agreement with Cowen and Company, LLC, as sales agent, to provide for the issuance and sale by the Company of up to $100.0 million of common stock from time to time in "at-the-market" offerings under the Registration Statement and related prospectus ("ATM Program"). As of September 30, 2024, no sales had been made pursuant to the ATM Program.

2. Summary of Significant Accounting Policies

The significant accounting policies and estimates used in the preparation of the accompanying unaudited condensed consolidated financial statements are described in the Company's audited consolidated financial statements 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. There have been no material changes in the Company's significant accounting policies during the nine months ended September 30, 2024, except as noted below.

Pre-Funded Warrants

Warrants are accounted for based on the specific terms of the warrant agreements. The Company's pre-funded warrants are indexed to the Company's common stock and meet the criteria to be classified as equity. Proceeds from the issuance of pre-funded warrants are recorded within additional paid-in capital and are not subject to remeasurement. Refer to Note 8 and Note 10 for further information regarding pre-funded warrants issued by the Company.

Unaudited Interim Financial Information

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the operations of Acrivon Therapeutics, Inc. and its wholly-owned subsidiaries. All intercompany accounts, transactions and balances have been eliminated in consolidation.

The accompanying condensed consolidated interim financial statements are unaudited but have been prepared on the same basis as the audited annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the Company's financial position as of September 30, 2024 and the results of its operations for the three and nine months ended September 30, 2024 and 2023 and its cash flows for the nine months ended

September 30, 2024 and 2023. The consolidated balance sheet as of December 31, 2023 was derived from audited annual financial statements but does not include all disclosures required by U.S. GAAP.

The results for the three and nine months ended September 30, 2024 are not necessarily indicative of results to be expected for the full year or for any other subsequent interim period.

Recently Adopted Accounting Pronouncements

ASU 2023-07, Segment Reporting (Topic 280)

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires public entities to disclose information about their reportable segments' significant expenses on an interim and annual basis. All disclosure requirements under ASU 2023-07 are also required for public entities with a single reportable segment. The ASU is effective for annual periods beginning after December 15, 2023 and for interim periods within fiscal years beginning after December 15, 2024. The Company adopted this accounting standard as of January 1, 2024, with no material impact on its condensed consolidated financial statements and related disclosures.

Recently Issued Accounting Pronouncements Not Yet Adopted

ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,* which requires entities to disclose additional information about specific expense categories in the notes to the financial statements. The ASU is effective for annual periods beginning after December 15, 2026 and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. ASU 2024-03 may be applied retrospectively or prospectively. The Company is currently evaluating the effect of this update on its consolidated financial statements and related disclosures.

3. Investments

The following tables summarize the amortized cost and estimated fair value of the Company's available-for-sale investments as of September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term investments:				
U.S. Treasury securities	$ 143,433	$ 605	$ —	$ 144,038
Long-term investments:				
U.S. Treasury securities	15,213	177	—	15,390
	$ 158,646	$ 782	$ —	$ 159,428

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term investments:				
U.S. Treasury securities	$ 41,470	$ 22	$ (19)	$ 41,473
U.S. government-sponsored enterprise securities	50,056	—	(86)	49,970
	$ 91,526	$ 22	$ (105)	$ 91,443

Certain short-term debt securities with original maturities of less than 90 days are included in cash and cash equivalents on the condensed consolidated balance sheets and are not included in the tables above. As of September 30, 2024 and December 31, 2023, all short-term investments had contractual maturities within one year. As of September 30, 2024, all long-term investments had contractual maturities between one to two years.

There were no available-for-sale securities held by the Company in an unrealized loss position as of September 30, 2024. Therefore, the Company does not consider these investments to be impaired and there are no allowances for credit losses as of September 30, 2024.

4. Fair Value Measurement

The following tables present information about the Company's financial assets measured at fair value on a recurring basis and indicate the level of the fair value hierarchy to determine such fair value (in thousands):

		Fair Value Measurements at September 30, 2024:		
	Total	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds	$ 24,406	$ 24,406	$ —	$ —
U.S. Treasury securities	10,000	10,000	—	—
Short-term investments:				
U.S. Treasury securities	144,038	144,038	—	—
Long-term investments:				
U.S. Treasury securities	15,390	15,390	—	—
Total assets	$ 193,834	$ 193,834	$ —	$ —

		Fair Value Measurements at December 31, 2023:		
	Total	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds	$ 31,191	$ 31,191	$ —	$ —
Short-term investments:				
U.S. Treasury securities	41,473	41,473	—	—
U.S. government-sponsored enterprise securities	49,970	—	49,970	—
Total assets	$ 122,634	$ 72,664	$ 49,970	$ —

The Company classifies its money market funds and U.S. Treasury securities as Level 1 assets under the fair value hierarchy as these assets have been valued using quoted market prices in active markets without any valuation adjustment. The Company classifies its U.S. government-sponsored enterprise securities as Level 2 assets under the fair value hierarchy as these assets have been valued using information obtained through a third-party pricing service as of the balance sheet date, using observable market inputs that may include trade information, broker or dealer quotes, bids, offers, or a combination of these data sources.

During the nine months ended September 30, 2024 and the year ended December 31, 2023, there were no transfers between levels. The Company uses the carrying amounts of its restricted cash, prepaid expenses and other current assets, accounts payable, and accrued expenses and other current liabilities to approximate their fair values due to the short-term nature of these amounts.

5. Property and Equipment, net

Property and equipment, net consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Laboratory and computer equipment	$ 6,108	$ 2,955
Furniture and fixtures	200	172
Construction in progress	21	1,308
Total property and equipment	6,329	4,435
Less: accumulated depreciation	(1,659)	(956)
Total property and equipment, net	$ 4,670	$ 3,479

Depreciation expense related to property and equipment for the three months ended September 30, 2024 and 2023 was $0.3 million and $0.1 million, respectively. Depreciation expense related to property and equipment for the nine months ended September 30, 2024 and 2023 was $0.7 million and $0.4 million, respectively.

6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Accrued research and development expenses	$ 7,537	$ 2,661
Accrued compensation and benefits	4,034	3,860
Accrued legal, accounting and other professional fees	520	667
Accrued other	128	190
Accrued property and equipment	54	—
Total accrued expenses and other current liabilities	$ 12,273	$ 7,378

7. Leases

In December 2020, the Company entered into a lease agreement for laboratory and office space located at 480 Arsenal Way, Watertown, Massachusetts (the "Arsenal Way Lease"). The lease commenced in April 2021, with a term of seven years and an option to extend the term for an additional five years. The Company delivered a letter of credit of $0.3 million to the landlord, which was subsequently reduced to $0.2 million in August 2024 in accordance with the lease, which is included in restricted cash in the accompanying condensed consolidated balance sheets. Under the terms of the lease, the base rent is $1.0 million, subject to a 3% annual rent increase, plus an allocation of operating expenses and taxes. In May 2021, the Company subleased a portion of its Arsenal Way Lease to a subtenant. The sublease term expired in March 2023.

In August 2023, the Company entered into an operating lease agreement, denominated in Swedish Krona, for office and laboratory space located in Lund, Sweden. The term of the lease commenced in December 2023. The lease has an initial term of three years, with an option to extend the term for an additional three years.

In July 2024, the Company entered into an operating lease agreement, denominated in Swedish Krona, for additional office and laboratory space adjacent to its existing leased space located in Lund, Sweden. The term of the lease commenced in September 2024. The lease has an initial term of three years, with an option to extend the term for an additional three years.

The following table summarizes the presentation of the Company's operating leases on its condensed consolidated balance sheets (in thousands):

Leases	Balance sheet classification	September 30, 2024	December 31, 2023
Assets:			
Operating lease assets	Operating lease right-of-use assets	$ 3,797	$ 4,429
Total lease assets		$ 3,797	$ 4,429
Liabilities:			
Current:			
Operating lease liabilities	Operating lease liability, current	$ 1,040	$ 877
Noncurrent:			
Operating lease liabilities	Operating lease liability, long-term	2,973	3,767
Total lease liabilities		$ 4,013	$ 4,644

The components of lease cost under ASC 842 included within research and development expenses and general and administrative expenses in the Company's condensed consolidated statements of operations and comprehensive loss were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
Lease cost	2024	2023	2024	2023
Operating lease cost	$ 319	$ 286	$ 953	$ 857
Variable lease cost	174	152	473	400
Sublease income	—	—	—	(134)
Total lease cost	$ 493	$ 438	$ 1,426	$ 1,123

As of September 30, 2024 and December 31, 2023, the weighted-average remaining lease term for operating leases was 3.5 years and 4.2 years, respectively, and the weighted-average discount rate was 8.31% and 8.30%, respectively. Cash paid for amounts included

in the measurement of lease liabilities was $0.9 million and $0.8 million for the nine months ended September 30, 2024 and 2023, respectively.

Future minimum annual lease commitments under the Company's non-cancelable operating leases as of September 30, 2024 were as follows (in thousands):

Fiscal Year	Amount
2024 (remaining 3 months)	$ 329
2025	1,337
2026	1,325
2027	1,209
2028	404
Total lease payments	4,604
Less: interest	(591)
Present value of operating lease liabilities	$ 4,013

8. Stockholders' Equity

Prior to the IPO, the voting, dividend and liquidation rights of the holders of the Company's common stock were subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock as set forth above and described in the Company's final prospectus for the IPO filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act on November 16, 2022.

In October 2022, the Company's board of directors ("Board") approved the amended and restated certificate of incorporation, which was filed upon the closing of the IPO and which authorized the Company to issue up to 10,000,000 shares of preferred stock, with a par value of $0.001. There are no shares of preferred stock issued or outstanding as of September 30, 2024.

As of September 30, 2024 and December 31, 2023, the Company's Amended and Restated Certificate of Incorporation authorized the Company to issue 500,000,000 shares of common stock with a par value of $0.001.

The holders of the common stock are entitled to one vote for each share of common stock held at all meetings of stockholders (and written actions in lieu of meetings), and there are not any cumulative voting rights. The number of authorized shares of common stock may be increased or decreased by the affirmative vote of the holders of shares of capital stock of the Company; however, the issuance of common stock may be subject to the vote of the holders of one or more series of preferred stock that may be required by terms of the Amended and Restated Certificate of Incorporation.

PIPE Securities Purchase Agreement

On April 8, 2024, the Company entered into the PIPE Purchase Agreement for a private placement with certain institutional and accredited investors. Pursuant to the PIPE Purchase Agreement, the Company agreed to issue and sell to the PIPE investors an aggregate of (i) 8,235,000 shares of the Company's common stock at a purchase price of $8.50 per share, and (ii) Pre-Funded Warrants to purchase up to an aggregate of 7,060,000 shares of the Company's common stock at a purchase price of $8.499 per Pre-Funded Warrant, which represents the per share purchase price of the Company's common stock less the $0.001 per share exercise price for each Pre-Funded Warrant. The Pre-Funded Warrants are exercisable at any time after the date of issuance and do not expire.

The holders of Pre-Funded Warrants may not exercise a Pre-Funded Warrant if the holder, together with its affiliates, would beneficially own more than 4.99% of the number of shares of common stock outstanding immediately after giving effect to such exercise. The holders of Pre-Funded Warrants may increase or decrease such percentage by providing at least 61 days' prior notice to the Company, but not in excess of 19.99% in the case of an increase. The Pre-Funded Warrants are indexed to the Company's common stock and were classified as a component of permanent equity in the Company's condensed consolidated balance sheet as they are freestanding financial instruments that are immediately exercisable, do not embody an obligation for the Company to repurchase its own shares and permit the holders to receive a fixed number of shares of common stock upon exercise. The April 2024 Private Placement closed on April 11, 2024, for aggregate net proceeds of $123.8 million, after deducting fees and expenses of $6.2 million. As of September 30, 2024, no Pre-Funded Warrants were exercised.

Common Stock

As of September 30, 2024 and December 31, 2023, the Company had reserved the following shares of common stock for the potential exercise of stock options, potential exercise of pre-funded warrants, vesting of restricted stock units ("RSUs"), as well as the remaining shares available for issuance under the 2022 Stock Option Incentive Plan (the "2022 Plan"), the 2022 Employee Stock Purchase Plan (the "2022 ESPP"), and the 2023 Inducement Plan (the "Inducement Plan"):

	September 30, 2024	December 31, 2023
Options to purchase common stock	4,393,521	3,117,042
Pre-funded warrants to purchase common stock	7,060,000	—
Unvested restricted stock units	1,162,062	1,759,918
Remaining shares reserved for future issuance	2,407,232	2,107,745
Total	15,022,815	6,984,705

9. Stock-Based Compensation

Equity Incentive Plans

In October 2022, the Board adopted, and in November 2022 its stockholders approved, the 2022 Plan, which replaced the 2019 Stock Incentive Plan and became effective immediately prior to and contingent upon the execution of the underwriting agreement related to the Company's IPO. The 2022 Plan allows the Company to make equity-based and cash-based incentive awards to its officers, employees, directors, and consultants and provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock awards, RSUs, and other stock-based awards. In addition, the number of shares reserved and available for issuance under the 2022 Plan shall automatically increase beginning on January 1, 2023 and each January 1 thereafter, by five percent of the aggregate number of shares of common stock of all classes issued and outstanding on the immediately preceding December 31 or such lesser number of shares of common stock as determined by the compensation committee.

In October 2022, the Board adopted, and in November 2022 its stockholders approved, the 2022 ESPP, which became effective immediately prior to and contingent upon the execution of the underwriting agreement related to the Company's IPO. The number of shares of common stock that may be issued under the 2022 ESPP shall cumulatively increase beginning on January 1, 2023 and each January 1 thereafter through January 1, 2032, by one percent of the outstanding number of shares of common stock on the immediately preceding December 31 or such lesser number of shares as determined by the compensation committee. No shares of the Company's common stock have been issued and no stock-based compensation expense has been recognized related to the 2022 ESPP.

In June 2023, the Board adopted the Inducement Plan to facilitate the granting of equity awards as an inducement material to new employees joining the Company. The only persons eligible to receive awards under the Inducement Plan are individuals who are new employees and satisfy the standards for inducement grants under Nasdaq Listing Rule 5635(c)(4) or 5635(c)(3), as applicable. The terms of the Inducement Plan are identical to the terms of the 2022 Plan, except that no incentive stock options shall be awarded under the Inducement Plan.

Stock Options

The Company has granted stock options with service-based vesting conditions. Stock options typically vest over four years and have a maximum term of ten years. The Company typically grants stock options to employees and non-employees at exercise prices deemed by the Board to be equal to the fair value of the common stock at the time of grant.

The assumptions that the Company used in the Black-Scholes option-pricing model to determine the grant date fair value of stock options granted were as follows:

	Nine Months Ended September 30,	
	2024	2023
Risk-free interest rate range	3.76% - 4.57%	3.40% - 4.62%
Dividend yield	0.00%	0.00%
Expected life of options (years)	5.5 - 6.1	5.8 - 6.1
Volatility rate range	81.06% - 82.31%	81.63% - 83.55%
Fair value of common stock range	$3.54 - $9.49	$8.95 - $20.50

The following table summarizes the Company's stock option activity:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2023	3,117,042	$ 7.04	8.34	$ 3,409
Granted	1,397,058	5.75		
Exercised	(30,875)	2.91		
Forfeited or canceled	(89,704)	4.04		
Outstanding as of September 30, 2024	4,393,521	$ 6.72	8.21	$ 8,550
Vested and expected to vest as of September 30, 2024	4,393,521	$ 6.72	8.21	$ 8,550
Vested and exercisable as of September 30, 2024	1,803,126	$ 5.98	7.42	$ 5,149

The aggregate intrinsic value of options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those stock options that had exercise prices lower than the fair value of the common stock as of the end of the reporting period. The aggregate intrinsic value of options exercised during the nine months ended September 30, 2024 and 2023 was $0.1 million and $1.9 million, respectively.

The weighted-average grant date fair value of the Company's stock options granted during the three months ended September 30, 2024 and 2023 was $6.06 and $7.35 per option, respectively. The weighted-average grant date fair value of the Company's stock options granted during the nine months ended September 30, 2024 and 2023 was $4.16 and $8.80 per option, respectively. As of September 30, 2024, there was $12.4 million of unrecognized stock-based compensation expense related to stock option grants. The Company expects to recognize this amount over a weighted-average period of 2.4 years.

The total fair value of options vested during the three months ended September 30, 2024 and 2023 was $1.1 million and $0.4 million, respectively. The total fair value of options vested during the nine months ended September 30, 2024 and 2023 was $3.0 million and $1.3 million, respectively.

RSUs

The Company has granted RSUs with service vesting based conditions. Unvested shares of restricted common stock may not be sold or transferred by the holder. They are legally issued and outstanding. These restrictions lapse according to the time-based vesting of each award.

A summary of the RSU activity during the nine months ended September 30, 2024 is as follows:

	Restricted Stock Units	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2023	1,759,918	$ 12.09
Vested	(597,856)	12.13
Unvested at September 30, 2024	1,162,062	$ 12.07

RSUs typically vest over four years. If and when an RSU vests, the Company will issue one share of common stock for each whole RSU that has vested, subject to satisfaction of the employee's tax withholding obligations. Upon vesting and settlement of RSUs, the Company may withhold the portion of those shares with a fair market value equal to the amount of the minimum statutory withholding taxes due. The withheld shares are accounted for as repurchases of common stock.

No RSUs were granted during the three and nine months ended September 30, 2024. The weighted-average grant date fair value of the Company's RSUs granted during the three and nine months ended September 30, 2023 was $11.03 and $11.22 per RSU, respectively. As of September 30, 2024, there was $12.9 million of unrecognized stock-based compensation expense related to RSUs. The Company expects to recognize this amount over a weighted-average period of 1.6 years.

The total fair value of RSUs vested during the three and nine months ended September 30, 2024 was $3.7 million and $7.3 million, respectively. The total fair value of RSUs vested during the three and nine months ended September 30, 2023 was immaterial.

Stock-Based Compensation Expense

Stock-based compensation expense included in the Company's condensed consolidated statements of operations and comprehensive loss is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
General and administrative	$ 2,878	$ 2,566	$ 8,333	$ 6,661
Research and development	793	662	2,248	1,899
Total stock-based compensation expense	$ 3,671	$ 3,228	$ 10,581	$ 8,560

10. Net Loss Per Share

Basic and diluted net loss per share attributable to common stockholders was calculated as follows (in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net loss attributable to common stockholders—basic and diluted	$ (22,441)	$ (14,466)	$ (57,725)	$ (41,136)
Denominator:				
Weighted-average common stock outstanding—basic and diluted	38,105,131	22,081,162	32,297,457	21,991,509
Net loss per share—basic and diluted	$ (0.59)	$ (0.66)	$ (1.79)	$ (1.87)

As described in Note 8, the Pre-Funded Warrants to purchase up to an aggregate of 7,060,000 shares of the Company's common stock at a purchase price of $8.499 per Pre-Funded Warrant were classified as a component of permanent equity in the Company's condensed consolidated balance sheet as they are freestanding financial instruments that are immediately exercisable, do not embody an obligation for the Company to repurchase its own shares and permit the holders to receive a fixed number of shares of common stock upon exercise. All of the shares underlying the Pre-Funded Warrants have been included in the weighted-average number of shares of common stock used to calculate basic and diluted net loss per common share for the three and nine months ended September 30, 2024, because the shares may be issued for little or no consideration, are fully vested, and are exercisable after the original issuance date of the Pre-Funded Warrants.

The Company's potentially dilutive securities, which include stock options and RSUs, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same. The Company excluded the following shares from the computation of diluted net loss per share attributable to common stockholders as of September 30, 2024 and 2023 because including them would have had an anti-dilutive effect:

	September 30,	
	2024	2023
Options to purchase common stock	4,393,521	3,196,965
Unvested restricted stock units	1,162,062	2,338,132

11. Commitments and Contingencies

Leases

The Company's commitments under its operating leases are described in Note 7.

License Agreement

In January 2021, the Company entered into a license agreement and stock issuance agreement with Lilly (collectively, the "Lilly Agreement"), pursuant to which the Company has been granted an exclusive, royalty-bearing sublicensable license to certain patents owned or controlled by Lilly, with world-wide rights to commercially develop, manufacture, use, distribute and sell therapeutic products containing the compound prexasertib. The license from Lilly comprises three families of patent filings all relating to ACR-368. Additionally, pursuant to the Lilly Agreement, the Company received ACR-368 drug substance and drug product to be used in future research.

As initial consideration for the license, the Company made a one-time, non-creditable, non-refundable upfront payment of $5.0 million. As additional consideration for the license, the Company is required to pay Lilly aggregate development and commercial milestone payments of up to $168.0 million, of which $5.0 million is due prior to a new drug application.

The Company is also obligated to pay a tiered percentage royalty on annual net sales ranging from single-digit up to a maximum of 10%, subject to certain specified reductions. Royalties are payable by the Company on a licensed product-by-licensed product and country-by-country basis until the later of the expiration of the last valid claim covering the licensed product in such country, expiration of all applicable regulatory exclusivities in such country for such licensed product and the tenth anniversary of the first commercial sale of such licensed product in such country, provided, that the Company's obligation to pay royalties for a given licensed product in a given country will expire earlier upon achievement of certain sales thresholds by generic products in such country.

As of September 30, 2024, no milestone payments or royalties have been incurred related to the Lilly Agreement.

Companion Diagnostic Agreement

In June 2022, the Company entered into a companion diagnostic agreement (the "Akoya Agreement") with Akoya Biosciences, Inc. ("Akoya"), pursuant to which the Company has engaged Akoya to co-develop, validate, and commercialize the Company's proprietary ACR-368 OncoSignature test, the companion diagnostic that will be used to identify patients with cancer most likely to respond to ACR-368. Subject to the terms of the Akoya Agreement, as subsequently amended, the Company paid Akoya a one-time, non-refundable, non-creditable upfront payment in the amount of $0.6 million. The Company is obligated to pay Akoya up to an aggregate of $17.3 million upon the achievement of specified development milestones. Through September 30, 2024, the Company has made aggregate payments of $12.1 million to Akoya. During the three months ended September 30, 2024, the Company recorded $4.5 million of research and development expense related to the achievement of milestones. No milestones were achieved during the three months ended September 30, 2023. During the nine months ended September 30, 2024 and 2023, the Company recorded $6.3 million and $1.5 million, respectively, of research and development expense related to the achievement of milestones, of which $2.5 million was due to Akoya and included in accrued expenses and other current liabilities as of September 30, 2024.

Indemnification Agreements

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with each of its directors and executive officers that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or services as directors or executive officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. To date, the Company has not incurred any material costs as a result of such indemnifications. The Company is not currently aware of any indemnification claims and has not accrued any liabilities related to such obligations in its financial statements as of September 30, 2024 and December 31, 2023.

Legal Proceedings

From time to time, in the ordinary course of business, the Company is subject to litigation and regulatory examinations as well as information gathering requests, inquiries and investigations. The Company is not currently party to any material legal proceedings and is not aware of any pending or threatened legal proceedings that could have an adverse effect on the Company's business, operating results or financial condition.

Other Contracts

The Company enters into contracts in the normal course of business with various third parties for preclinical research studies, clinical trials, testing, manufacturing and other services. These contracts generally provide for termination upon notice and are cancelable without significant penalty or payment, and do not contain any minimum purchase commitments.

12. Employee Benefit Plans

Effective January 1, 2019, the Company adopted a 401(k) Plan for its employees, which is designed to be qualified under Section 401(k) of the Internal Revenue Code. Eligible employees are permitted to contribute to the 401(k) Plan within statutory and 401(k) Plan limits. Since inception of the 401(k) Plan and through the nine months ended September 30, 2024, the Company has not made any contributions to the 401(k) Plan.

13. Subsequent Events

Amendment to the Akoya Agreement

In October 2024, the Company entered into the Fourth Amendment to the Akoya Agreement (the "Fourth Amendment") with Akoya, effective September 30, 2024. The Fourth Amendment added pre-commercialization progress milestones totaling $3.0 million. The Company recorded $1.0 million of research and development expenses during the three months ended September 30, 2024 related to the achievement of pre-commercialization milestones.

Letter of Intent for Sublease

In October 2024, the Company entered into a non-binding letter of intent, pursuant to which the Company intends to sublease approximately 34,621 rentable square feet of laboratory and office space in Watertown, Massachusetts. The sublease is estimated to commence in January 2025.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q, and the audited consolidated financial statements and notes thereto as of and for the year ended December 31, 2023 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K filed with the SEC on March 28, 2024. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Special Note Regarding Forward-Looking Statements" and "Risk Factors" sections of this Quarterly Report on Form 10-Q, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to "Acrivon," the "Company," "we," "us," and "our" refer to Acrivon Therapeutics, Inc. and its subsidiaries.

Overview

We are a clinical stage precision medicine company utilizing our Acrivon Predictive Precision Proteomics, or AP3, platform for the discovery, design, and development of drug candidates through a mechanistic match to patients whose disease is predicted sensitive to the specific treatment. Previously approved precision oncology treatments, such as kinase inhibitors, have transformed the cancer treatment landscape, and while the therapeutic benefit of these agents has provided significant benefit to patients, these precision oncology treatments unfortunately only address the less than 10% of patients with cancers that harbor certain easily-identifiable genetic mutations. In diseases outside oncology, e.g. autoimmune, inflammatory, fibrotic, and metabolic disorders, recurrent mutations in individual patients that can be linked to disease pathogenesis are exceedingly rare. Accordingly, genetics-based precision medicine approaches to treat only the patients that benefit from a particular therapeutic have been even more challenging in such diseases.

Our approach is designed to overcome the limitations of genomics-based patient selection methods. We do this by using AP3 to discover and develop our pipeline of innovative oncology drug candidates. The AP3 platform is engineered to measure compound-specific effects on the entire tumor cell protein signaling network and drug-induced resistance mechanisms in an unbiased manner and is modality and disease agnostic. These distinctive capabilities enable AP3's direct application for drug design optimization for monotherapy activity, the identification of rational drug combinations, and the creation of drug-specific proprietary OncoSignature companion diagnostics that are used to identify the patients most likely to benefit from our drug candidates.

We are currently advancing our lead candidate, ACR-368 (also called prexasertib), a selective small molecule inhibitor targeting CHK1 and CHK2 with sub single-digit nM and single-digit nM potency, respectively, in a potentially registrational Phase 2 trial across multiple solid tumor types. We are continuing enrollment and dosing of patients in this multi-center trial based on OncoSignature-predicted sensitivity to ACR-368 in patients with locally advanced or metastatic, recurrent platinum-resistant ovarian cancer, as well as endometrial adenocarcinoma or urothelial cancer, two tumor types predicted to be sensitive to ACR-368 through OncoSignature screening and not previously evaluated in past clinical trials.

Our ACR-368 OncoSignature test, which has not yet obtained regulatory approval, has been extensively evaluated in preclinical studies, including in two separate, blinded, prospectively-designed studies on pretreatment tumor biopsies collected from patients with ovarian cancer treated with ACR-368 in past Phase 2 clinical trials conducted by Eli Lilly and Company, or Lilly, and at the National Cancer Institute providing evidence of robust enrichment of responders through our method.

In May 2023, ACR-368 was granted two Fast Track designations from the U.S. Food and Drug Administration, or the FDA, for the investigation of ACR-368 monotherapy for patients with OncoSignature-positive platinum-resistant ovarian cancer and endometrial cancer. On November 16, 2023, the ACR-368 OncoSignature test was granted Breakthrough Device Designation for the identification of ovarian cancer patients who may benefit from treatment with ACR-368. This designation reflects the FDA's determination that the device is reasonably expected to provide for more effective treatment or diagnosis of life-threatening or irreversibly debilitating human disease or conditions.

In November 2023, we announced initial clinical observations from the ongoing Phase 2 trial. Consistent with the overall favorable tolerability profile previously observed in multiple past single-arm trials conducted at recommended Phase 2 dose (RP2D), drug-related adverse events were primarily reversible, manageable hematological toxicities, including neutropenia and thrombocytopenia. In the limited number of patients evaluated by imaging to date, preliminary evidence of clinical activity was observed in OncoSignature-positive patients across all three tumor types treated with single agent ACR-368 at RP2D. Consistent with AP3-predicted tumor sensitivity to the combination of ACR-368 and low dose gemcitabine (LDG) in OncoSignature-negative patients, early imaging-based evidence of clinical activity across all three tumor types was also observed in patients treated with ACR-368 at RP2D and LDG during the dose escalation phase.

In April 2024, we presented initial positive clinical data from the ongoing registrational-intent Phase 2 ACR-368 clinical trials, which provided initial, prospective validation of the OncoSignature test's ability to identify ovarian and endometrial patients sensitive to ACR-368 monotherapy, with clear segregation of RECIST responders in the OncoSignature-positive (50% confirmed objective response rate, or ORR, in 10 patients) versus OncoSignature-negative (0% ORR in 16 patients) arms (p-value=0.0038).

In September 2024, we reported additional positive clinical data at the European Society of Medical Oncology conference from the ongoing registrational intent, multicenter Phase 2 trial of ACR-368 in patients with locally advanced or metastatic, recurrent endometrial cancer who had progressed on prior anti-PD-1 therapy, unless ineligible. Endometrial cancer had not been previously studied in prior ACR-368 Lilly-sponsored trials. Using AP3 for indication screening, this tumor type was predicted to be particularly sensitive to ACR-368 prior to the current ongoing Phase 2 study. The data were based on 35 safety-evaluable patients, of which 23 (8 OncoSignature-positive (BM+) and 15 OncoSignature-negative (BM-) patients) were efficacy-evaluable with at least one on-treatment scan (data cut off July 25, 2024). This data included a confirmed overall response rate, or ORR, of 62.5% (95% CI, 30.4-86.5) observed in prospectively-selected ACR-368 OncoSignature-positive patients with endometrial cancer. The data further validated our AP3-based ACR-368 OncoSignature assay, which is used for prospective patient selection in this registrational intent trial, achieving a clear segregation of responders in the OncoSignature-positive versus OncoSignature-negative arms (p-value = 0.009).

In addition to ACR-368, we are also leveraging our proprietary AP3 precision medicine platform to develop our co-crystallography-driven, internally-discovered pipeline programs. These include ACR-2316, our second clinical stage asset, a novel, potent, selective WEE1/PKMYT1 inhibitor designed using AP3 for superior single-agent activity through strong activation of not only CDK1 and CDK2, but also of PLK1 to drive pro-apoptotic cell death, as demonstrated in preclinical studies against benchmark inhibitors. In addition, we have a preclinical cell cycle program with an undisclosed target.

In September 2024, we announced that the FDA had granted IND clearance for ACR-2316 and that initial clinical sites had been activated ahead of timelines with first-in-human dosing anticipated in the fourth quarter of 2024 for this Phase I clinical study. In October 2024, we announced that the first patient had been dosed in the Phase 1 clinical trial designed to assess the safety and tolerability of ACR-2316. Additional objectives of this trial include the determination of the maximal tolerated dose and recommended Phase 2 monotherapy dose, characterization of the pharmacokinetic profile, and preliminary evaluation of anti-tumor activity.

Since our inception in 2018, we have devoted substantially all of our resources toward conducting discovery and research activities, organizing and staffing our company, business planning, acquiring and internally discovering drug candidates, establishing and protecting our intellectual property portfolio, developing and progressing ACR-368 and the ACR-368 OncoSignature, preparing for and conducting preclinical studies and clinical trials, establishing arrangements with third parties for the manufacture of ACR-368, the ACR-368 OncoSignature and component materials, advancing our internal co-crystallography-driven, AP3-enabled preclinical programs, conducting preclinical studies and initiating a Phase 1b clinical trial for ACR-2316, as well as raising capital. We do not have any drug candidates approved for sale and have not generated any revenue from drug sales.

Since inception, we have funded our operations primarily with proceeds from the sales of shares of our convertible preferred stock, the issuance of convertible notes, and our initial public offering, or IPO, and concurrent private placement. Upon the closing of our IPO on November 17, 2022, only common stock remains issued and outstanding. In addition, on April 8, 2024, we entered into a Private Investment in Public Equity, or PIPE, securities purchase agreement, or the PIPE Purchase Agreement, for a private placement with certain institutional and accredited investors, or the April 2024 Private Placement. Pursuant to the PIPE Purchase Agreement, we agreed to issue and sell to the PIPE investors an aggregate of (i) 8,235,000 shares of our common stock at a purchase price of $8.50 per share, and (ii) pre-funded warrants, or Pre-Funded Warrants, to purchase up to an aggregate of 7,060,000 shares of our common stock at a purchase price of $8.499 per Pre-Funded Warrant, which represents the per share purchase price of our common stock less the $0.001 per share exercise price for each Pre-Funded Warrant. The Pre-Funded Warrants are exercisable at any time after the date of issuance and do not expire. The April 2024 Private Placement closed on April 11, 2024, for aggregate net proceeds of $123.8 million, after deducting fees and expenses of $6.2 million.

We have incurred operating losses since inception. Our net losses for the nine months ended September 30, 2024 and 2023 were $57.7 million and $41.1 million, respectively. As of September 30, 2024, we had an accumulated deficit of $174.1 million. These losses have resulted primarily from costs incurred in connection with research and development activities and general and administrative costs associated with our operations. We expect to continue to incur significant and increasing expenses and operating losses for the foreseeable future, particularly if and as we:

- continue to conduct preclinical studies and clinical trials for ACR-368;
- initiate and conduct additional preclinical studies and clinical trials for ACR-368;
- continue to conduct preclinical studies and clinical trials for ACR-2316;

- initiate and conduct additional preclinical studies and clinical trials for ACR-2316;
- continue to discover and develop additional drug candidates and drug-tailored OncoSignature tests;
- acquire or in-license other drug candidates and technologies;
- maintain, expand, and protect our intellectual property portfolio;
- hire additional clinical and scientific personnel;
- further develop and refine the manufacturing processes for ACR-368, the ACR-368 OncoSignature, ACR-2316, or any future drug candidates;
- seek regulatory approvals and pursue commercialization for any drug candidates that successfully complete clinical trials; and
- add operational, financial, and management information systems and personnel, including personnel to support our drug development and planned future commercialization efforts, as well as to support our obligations as a public reporting company.

We are incurring and expect to continue to incur additional costs associated with operating as a public company, including significant legal, accounting, insurance, investor relations and other expenses that we did not incur as a private company. Furthermore, we will not generate revenue from drug sales until we successfully complete clinical development and obtain regulatory approval for a drug candidate. In addition, if we obtain regulatory approval for a drug candidate and do not enter into a third-party commercialization partnership, we expect to incur significant expenses related to developing our commercialization capability to support drug sales, marketing, manufacturing and distribution activities. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of our planned clinical studies and our expenditures on other research and development activities.

As a result, we will need substantial additional funding to support our continuing operations and pursue our growth strategy. Until such time that we can generate significant revenue from drug sales, if ever, we expect to finance our operations through the sale of equity, debt financings or other capital sources, including potential collaborations with other companies or other strategic transactions. If we are unable to raise capital as needed, this could have a negative impact on our financial condition and ability to pursue our business strategies including requiring us to delay, reduce or eliminate drug development or future commercialization efforts. The amount and timing of our future funding requirements will depend on many factors including the successful advancement of ACR-368, the ACR-368 OncoSignature, ACR-2316, or any future drug candidates. Our ability to raise additional funds may also be adversely impacted by potential worsening global economic conditions, and disruptions to, and volatility in the credit and financial markets in the United States and worldwide, such as those resulting from conflicts in the Middle East and the war in Ukraine. There can be no assurances that the current operating plan will be achieved or that additional funding will be available on terms acceptable to us, or at all.

As of September 30, 2024, we had cash, cash equivalents and investments of $202.8 million. We believe that our existing cash, cash equivalents and investments as of September 30, 2024, will enable us to fund our operating expenses and capital expenditure requirements into the second half of 2026. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect. See the section titled "—Liquidity and Capital Resources."

Companion Diagnostic Agreement

In June 2022, we entered into a companion diagnostic agreement with Akoya Biosciences, Inc., or Akoya, pursuant to which we agreed to co-develop, validate, and commercialize our proprietary ACR-368 OncoSignature test, the companion diagnostic that will be used to identify patients with cancer most likely to respond to ACR-368.

Pursuant to the agreement, we paid Akoya a one-time, non-refundable, non-creditable upfront payment in the amount of $0.6 million. We are obligated to pay Akoya up to an aggregate of $17.3 million upon the achievement of specified development milestones. In October 2024, we entered into the Fourth Amendment to the Akoya Agreement, or the Fourth Amendment, with Akoya, effective September 30, 2024. The Fourth Amendment added pre-commercialization progress milestones totaling $3.0 million. As of November 13, 2024, development milestones totaling $14.6 million have been achieved by Akoya under the agreement. Other than certain specified pass-through costs, each party is responsible for its own costs associated with the development of the companion diagnostic. Akoya will procure and manufacture necessary supplies to perform the ACR-368 OncoSignature test to support our clinical development and commercial requirements, in accordance with a supply agreement to be mutually agreed upon by the parties. We may terminate the agreement at our convenience, subject to the payment of a termination fee in the amount of $1.0 million.

Components of Results of Operations

Revenue

To date, we have not generated any revenue, and we do not expect to generate any revenue in the foreseeable future from drug sales. We may in the future generate revenue from payments received under collaboration agreements, which could potentially include (but not be limited to) payments of upfront fees, license fees, milestone-based payments and reimbursements for research and development efforts.

Operating Expenses

Research and Development

The majority of our expenses have been research and development expenses, which consist primarily of costs incurred in connection with our research and development activities, including our drug discovery efforts and the development of ACR-368 and the ACR-368 OncoSignature. We expense research and development costs as incurred, which include:

- direct cost for conducting internal research and development to generate preclinical validation data for ACR-368 including the ACR-368 OncoSignature, for ACR-2316, and for our internal preclinical drug discovery programs;
- the cost to obtain and maintain licenses to intellectual property, such as those with Lilly and related future payments should certain milestones be achieved;
- external research and development expenses incurred under agreements with contract research organizations, or CROs, as well as investigative sites and consultants that conduct our clinical trials and other scientific development services;
- costs related to manufacturing material for our clinical trials, including fees paid to contract manufacturing organizations, or CMOs;
- manufacturing scale-up expenses and the cost of acquiring and manufacturing clinical trial materials;
- employee-related expenses, including salaries, bonuses, benefits, stock-based compensation, and other related costs for those employees involved in research and development efforts;
- costs of outside consultants, including their fees, stock-based compensation, and related travel expenses;
- expenses to acquire technologies, such as intellectual property, to be used in research and development;
- upfront and maintenance fees incurred under license, acquisition, and other third-party agreements;
- costs related to regulatory activities, including filing fees paid to regulatory agencies and compliance with regulatory requirements; and
- facilities, depreciation, and other expenses, which include direct and allocated expenses for rent, maintenance of facilities, and equipment and software.

Research and development costs are expensed as incurred. We recognize external development costs as related goods are delivered or services are performed. Significant judgments and estimates are made in determining the accrued expense balances at the end of any reporting period.

We record direct costs for our early stage, discovery, and development drug candidates at the program level. Other costs inclusive of personnel, facilities, and supplies are not allocated at the program level.

Our external research and development expenses consist primarily of fees paid to outside consultants, CROs, CMOs and research laboratories in connection with our process development, manufacturing, and clinical development activities. Our direct external research and development expenses also include fees incurred under license and intellectual property purchase agreements. We track these external research and development costs on a program-by-program basis once we have identified a drug candidate.

Our indirect research and development costs are primarily personnel-related costs, facilities, which is offset by a portion of our allocable sublease rent income, and other costs. Employees and infrastructure are not directly tied to any one program and are deployed across our programs. As such, we do not track these costs on a specific program basis.

The successful development of our ACR-368 and ACR-368 OncoSignature test, ACR-2316, or any other future drug candidates, is highly uncertain. We plan to substantially increase our research and development expenses for the foreseeable future as we continue

the development and manufacturing of ACR-368 and ACR-2316 and conduct discovery and research activities for our preclinical programs.

We cannot determine with certainty the timing of initiation, the duration, or the completion costs of current or future clinical trials of our drug candidates due to the inherently unpredictable nature of preclinical and clinical development. Clinical development timelines, the probability of success and development costs can differ materially from expectations. We anticipate that we will make determinations as to which drug candidates to pursue and how much funding to direct to each drug candidate on an ongoing basis in response to the results of ongoing and future clinical trials, regulatory developments and our ongoing assessments as to each drug candidate's commercial potential. We will need to raise substantial additional capital in the future. Our clinical development costs are expected to increase significantly with our ongoing clinical trials. We anticipate that our expenses will increase substantially, particularly due to the numerous risks and uncertainties associated with developing drug candidates, including the uncertainty of:

- the scope, rate of progress and expenses of our ongoing research activities and clinical trials and other research and development activities;
- confirming the appropriate safety profile established in past clinical trials;
- successful enrollment in and completion of clinical trials;
- whether our drug candidates show efficacy with an increased ORR through patient responder identification in our clinical trials;
- receipt of marketing approvals from applicable regulatory authorities;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our drug candidates;
- the extent to which we establish additional collaboration or license agreements;
- commercializing drug candidates, if and when approved, whether alone or in collaboration with others; and
- continued acceptable safety profile of the products following any regulatory approval.

Any changes in the outcome of any of these variables with respect to the development of our drug candidates in clinical development could mean a significant change in the costs and timing associated with the development of these drug candidates. We may never succeed in achieving regulatory approval for any of our drug candidates. We may obtain unexpected results from our clinical trials. We may elect to discontinue, delay or modify clinical trials of some drug candidates or focus on others. For example, if the FDA, European Medicines Agency or another regulatory authority were to delay our planned start of clinical trials or require us to conduct clinical trials or other testing beyond those that we currently expect or if we experience significant delays in enrollment in any of our planned clinical trials, we could be required to expend significant additional financial resources and time on the completion of clinical development of that drug candidate.

General and Administrative

General and administrative expenses consist primarily of employee-related costs, including salaries, bonuses, benefits, and stock-based compensation expenses for personnel in executive, finance, accounting, human resources and other administrative functions. Other significant general and administrative expenses include legal fees relating to patent, intellectual property and corporate matters, fees paid for accounting, audit, consulting and other professional services, and expenses for rent, insurance and other operating costs. An allocated portion of sublease rent income is recorded as an offset to general and administrative expenses.

We anticipate that our general and administrative expenses will continue to increase in the future as we increase our headcount to support our continued research activities and development of our drug candidates. We also anticipate that we will continue to incur increased accounting, audit, legal, regulatory, compliance and director and officer insurance costs, as well as investor and public relations expenses associated with operating as a public company.

Other Income (Expense), Net

Interest Income

Interest income consists of interest income earned on cash equivalents and investments and amortization of premiums and accretion of discounts to maturity for available-for-sale debt securities.

Other Expense, Net

Other expense, net primarily consists of realized and unrealized gains and losses on foreign currency transactions, state taxes, and investment management fees.

Results of Operations

Comparison of the Three Months Ended September 30, 2024 and 2023

The following table summarizes our results of operations (in thousands):

	Three Months Ended September 30,		
	2024	2023	Change
Operating expenses:			
Research and development	$ 18,864	$ 10,267	$ 8,597
General and administrative	6,276	5,870	406
Total operating expenses	25,140	16,137	9,003
Loss from operations	(25,140)	(16,137)	(9,003)
Other income (expense), net:			
Interest income	2,698	1,768	930
Other income (expense), net	1	(97)	98
Total other income, net	2,699	1,671	1,028
Net loss	$ (22,441)	$ (14,466)	$ (7,975)

Research and Development Expenses

The following table summarizes our research and development expenses (in thousands):

	Three Months Ended September 30,		
	2024	2023	Change
Direct research and development expenses by program:			
ACR-368	$ 11,098	$ 3,975	$ 7,123
ACR-2316	1,735	—	1,735
Other drug discovery programs	368	1,748	(1,380)
Unallocated research and development expenses:			
Personnel related (including stock-based compensation)	4,510	3,720	790
Facilities, supplies and other	1,153	824	329
Total research and development expenses	$ 18,864	$ 10,267	$ 8,597

Research and development expenses were $18.9 million for the three months ended September 30, 2024, compared to $10.3 million for the three months ended September 30, 2023. The increase of $8.6 million was primarily driven by:

- a $7.1 million net increase in costs related to the continued progression of the ACR-368 clinical trial and related activities, of which $4.5 million is related to an increase in companion diagnostic milestones achieved;
- $1.7 million in costs related to the promotion of our novel, internally-discovered second clinical stage asset, ACR-2316, to a development program upon being granted IND clearance in the third quarter of 2024;
- a $1.4 million net decrease in costs related to preclinical drug discovery activities progression, which prior to ACR-2316 being granted IND clearance in the third quarter of 2024 had included ACR-2316;
- a $0.8 million increase in personnel-related costs, including $0.1 million of stock-based compensation expense, primarily due to an increase in headcount to facilitate research activities supporting our pipeline programs and progression of our clinical stage programs.

General and Administrative Expenses

The following table summarizes our general and administrative expenses (in thousands):

	Three Months Ended September 30,		
	2024	2023	Change
Personnel related (including stock-based compensation)	$ 4,580	$ 4,160	$ 420
Legal and professional fees	1,145	1,224	(79)
Facilities, supplies and other	551	486	65
Total general and administrative expenses	$ 6,276	$ 5,870	$ 406

General and administrative expenses were $6.3 million for the three months ended September 30, 2024, compared to $5.9 million for the three months ended September 30, 2023. The increase of $0.4 million was driven by a $0.4 million increase in payroll and employee-related expenses, including $0.3 million of stock-based compensation expense.

Total Other Income, Net

Total other income, net was $2.7 million for the three months ended September 30, 2024, compared to total other income, net of $1.7 million for the three months ended September 30, 2023. The change of $1.0 million is primarily attributable to an increase in interest income and accretion earned on our investments.

Comparison of the Nine Months Ended September 30, 2024 and 2023

The following table summarizes our results of operations (in thousands):

	Nine Months Ended September 30,		
	2024	2023	Change
Operating expenses:			
Research and development	$ 45,362	$ 30,546	$ 14,816
General and administrative	18,883	15,504	3,379
Total operating expenses	64,245	46,050	18,195
Loss from operations	(64,245)	(46,050)	(18,195)
Other income (expense), net:			
Interest income	6,838	5,345	1,493
Other expense, net	(318)	(431)	113
Total other income, net	6,520	4,914	1,606
Net loss	$ (57,725)	$ (41,136)	$ (16,589)

Research and Development Expenses

The following table summarizes our research and development expenses (in thousands):

	Nine Months Ended September 30,		
	2024	2023	Change
Direct research and development expenses by program:			
ACR-368	$ 24,097	$ 12,908	$ 11,189
ACR-2316	1,735	—	1,735
Other drug discovery programs	3,490	4,844	(1,354)
Unallocated research and development expenses:			
Personnel related (including stock-based compensation)	13,031	10,379	2,652
Facilities, supplies and other	3,009	2,415	594
Total research and development expenses	$ 45,362	$ 30,546	$ 14,816

Research and development expenses were $45.4 million for the nine months ended September 30, 2024, compared to $30.5 million for the nine months ended September 30, 2023. The increase of $14.9 million was primarily due to:

- a $11.2 million net increase in costs related to the continued progression of the ACR-368 clinical trial and related activities, of which $4.8 million is related to an increase in companion diagnostic milestones achieved;

- $1.7 million in costs related to the promotion of our novel, internally-discovered second clinical stage asset, ACR-2316, to a development program upon being granted IND clearance in the third quarter of 2024;
- a $1.4 million net decrease in costs related to preclinical drug discovery activities progression, which prior to ACR-2316 being granted IND clearance in the third quarter of 2024 had included ACR-2316;
- a $2.7 million increase in personnel-related costs, including $0.3 million of stock-based compensation expense, primarily due to an increase in headcount to facilitate research activities supporting our pipeline programs and progression of our clinical stage programs; and
- a $0.6 million increase in facilities, supplies and other expenses, primarily due to an increase in headcount and related research activities, as well as the cessation of sublease rent income, which had been recorded as an offset to research and development expenses.

General and Administrative Expenses

The following table summarizes our general and administrative expenses (in thousands):

	Nine Months Ended September 30,		
	2024	2023	Change
Personnel related (including stock-based compensation)	$ 13,530	$ 10,682	$ 2,848
Legal and professional fees	3,648	3,572	76
Facilities, supplies and other	1,705	1,250	455
Total general and administrative expenses	$ 18,883	$ 15,504	$ 3,379

General and administrative expenses were $18.9 million for the nine months ended September 30, 2024, compared to $15.5 million for the nine months ended September 30, 2023. The increase of $3.4 million was primarily due to:

- a $2.8 million increase in payroll and employee-related expenses, including $1.7 million of stock-based compensation expense; and
- a $0.5 million increase in facilities, supplies, and other expenses, primarily due to an increase in headcount.

Total Other Income, Net

Total other income, net was $6.5 million for the nine months ended September 30, 2024, compared to total other income, net of $4.9 million for the nine months ended September 30, 2023. The change of $1.6 million is primarily attributable to an increase in interest income and accretion earned on our investments.

Liquidity and Capital Resources

Sources of Liquidity

Since our inception, we have not recognized any revenue and have incurred significant losses in each period and on an aggregate basis. We have not yet commercialized any drug candidates, and we do not expect to generate revenue from sales of any drug candidates or from other sources for several years, if at all. As of September 30, 2024, we had $202.8 million in cash, cash equivalents and investments, and we had an accumulated deficit of $174.1 million. We have funded our operations primarily with proceeds from the sales of shares of our convertible preferred stock, the issuance of convertible notes, and our IPO and concurrent private placement. Upon the closing of our IPO on November 17, 2022, only common stock remains issued and outstanding. On December 1, 2023, we filed a registration statement on Form S-3, or the Registration Statement, with the SEC and simultaneously entered into a sales agreement with TD Cowen to provide for the issuance and sale of up to $100.0 million of common stock from time to time in "at-the-market" offerings under the Registration Statement and related prospectus. On April 8, 2024, we entered into the PIPE Purchase Agreement for a private placement with certain institutional and accredited investors. Pursuant to the PIPE Purchase Agreement, we agreed to issue and sell to the PIPE investors an aggregate of (i) 8,235,000 shares of our common stock at a purchase price of $8.50 per share, and (ii) Pre-Funded Warrants to purchase up to an aggregate of 7,060,000 shares of our common stock at a purchase price of $8.499 per Pre-Funded Warrant, which represents the per share purchase price of our common stock less the $0.001 per share exercise price for each Pre-Funded Warrant. The Pre-Funded Warrants are exercisable at any time after the date of issuance and do not expire. The April 2024 Private Placement closed on April 11, 2024, for aggregate net proceeds of $123.8 million, after deducting fees and expenses of $6.2 million. We believe that our existing cash, cash equivalents and investments of $202.8 million as of September 30, 2024, will enable us to fund our operating expenses and capital expenditure requirements into the second half of 2026.

Cash Flows

The following table summarizes our cash flows for each of the nine month periods presented (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Net cash used in operating activities	$ (48,309)	$ (30,275)
Net cash (used in) provided by investing activities	(66,183)	30,181
Net cash provided by financing activities	121,674	457
Net increase in cash, cash equivalents, and restricted cash	$ 7,182	$ 363

Net Cash Used in Operating Activities

Net cash used in operating activities was $48.3 million for the nine months ended September 30, 2024, compared to net cash used in operating activities of $30.3 million for the nine months ended September 30, 2023. The increase in net cash used in operating activities of $18.0 million was primarily driven by an increase in net loss of $16.6 million, partially offset by a $2.0 million increase in non-cash stock-based compensation expense.

Net Cash (Used in) Provided by Investing Activities

Net cash used in investing activities was $66.2 million for the nine months ended September 30, 2024, resulting from purchases of short-term and long-term investments of $168.2 million and purchases of property and equipment of $1.9 million, offset by $103.9 million in proceeds from maturities of short-term investments.

Net cash provided by investing activities was $30.2 million for the nine months ended September 30, 2023, resulting from $70.3 million in proceeds from maturities of short-term investments, offset by purchases of short-term and long-term investments of $39.9 million and purchases of property and equipment of $0.1 million.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was $121.7 million for the nine months ended September 30, 2024, resulting from $130.0 million in proceeds from the April 2024 Private Placement and $0.1 million in proceeds from the exercise of stock options, offset by $1.9 million of payments for tax withholdings related to the vesting of restricted stock units and $6.5 million of payments of offering costs.

Net cash provided by financing activities was $0.5 million for the nine months ended September 30, 2023, resulting from the exercise of stock options.

Funding Requirements

As of September 30, 2024, our cash, cash equivalents and investments were $202.8 million. We believe that our existing cash, cash equivalents and investments as of September 30, 2024, will enable us to fund our operating expenses and capital expenditure requirements into the second half of 2026. We have based this estimate on assumptions that may prove to be wrong, and we could expend our capital resources sooner than we expect.

We expect to incur significant expenses and operating losses for the foreseeable future as we advance our drug candidates through clinical development, seek regulatory approval and pursue commercialization of any approved drug candidates. We expect that our research and development and general and administrative costs will increase in connection with our planned research and clinical activities. In addition, we expect to continue to incur additional costs associated with operating as a public company. If we receive regulatory approval for any of our drug candidates, we expect to incur significant commercialization expenses related to drug manufacturing, sales, marketing and distribution, depending on where we choose to commercialize. We may also require additional capital to pursue in-licenses or acquisitions of other drug candidates.

Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical drug candidates, we are unable to accurately predict the amount of our operating expenditures. Our future capital requirements will depend on many factors, including but not limited to:

- the scope, timing, progress, results and costs of preclinical and clinical development activities;
- the costs, timing and outcome of regulatory review of drug candidates;

- the costs of future activities, including drug sales, medical affairs, marketing, manufacturing and distribution, for any drug for which we receive marketing approval;
- the costs of establishing and maintaining arrangements with third party manufacturers for the commercial supply of products that receive marketing approval, if any;
- the revenue, if any, received from commercial sale of our products, should any drug candidates receive marketing approval;
- the cash requirements of any future acquisitions or discovery of drug candidates;
- the cost and timing of attracting, hiring and retaining skilled personnel to support our operations and continued growth;
- the cost of implementing operational, financial and management systems;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- our ability to establish and maintain collaborations, strategic partnerships or marketing, distribution, licensing or other strategic arrangements with third parties on favorable terms, if at all; and
- the timing, receipt and amount of sales of, or milestone payments related to or royalties on, current or future drug candidates, if any.

A change in the outcome of any of these or other variables with respect to the development of ACR-368, the ACR-368 OncoSignature, ACR-2316, or any drug or development candidate we may develop in the future could significantly change the costs and timing associated with our development plans. Further, our operating plans may change in the future, and we may need additional funds to meet operational needs and capital requirements associated with such operating plans.

Until such time, if ever, as we can generate substantial drug revenues to support our expenses, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations and other similar arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be or could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through collaborations, or other similar arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs, drug candidates or grant licenses on terms that may not be favorable to us and/or may reduce the value of our common stock. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our drug development or future commercialization efforts or grant rights to develop and market our drug candidates even if we would otherwise prefer to develop and market such drug candidates ourselves.

Contractual Obligations

Except as discussed in Note 11 to our unaudited condensed consolidated financial statements appearing elsewhere in this Quarterly Report, during the nine months ended September 30, 2024, there were no material changes to our contractual obligations and commitments from those described in our Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the SEC on March 28, 2024.

Critical Accounting Policies and Significant Judgments and Estimates

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States. The preparation of our financial statements and related disclosures requires us to make estimates, assumptions and judgments that affect the reported amount of assets, liabilities, revenue, costs and expenses, and related disclosures. Our critical accounting policies are described under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Judgments and Estimates" in our Annual Report on Form 10-K. If actual results or events differ materially from the estimates, judgments and assumptions used by us in applying these policies, our reported financial condition and results of operations could be materially affected. There have been no significant changes to our critical accounting policies from those described in our Annual Report on Form 10-K.

Recent Accounting Pronouncements

A description of recently adopted accounting pronouncements that may potentially impact our financial position, results of operations and cash flows is disclosed in Note 2 to our unaudited condensed consolidated financial statements appearing elsewhere in this Quarterly Report.

Emerging Growth Company and Smaller Reporting Company Status

The JOBS Act provides that, among other things, an "emerging growth company" can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. As an emerging growth company, we have elected not to "opt out" of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for private companies on a case-by-case basis until such time that we either (i) irrevocably elect to "opt out" of such extended transition period or (ii) no longer qualify as an emerging growth company. As a result, our consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates. We may choose to early adopt any new or revised accounting standards whenever such early adoption is permitted for private companies. We intend to rely on certain of the other exemptions and reduced reporting requirements provided by the JOBS Act. As an emerging growth company, we are not required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b), and (ii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis).

We will remain an emerging growth company until the earlier to occur of (1) the last day of our fiscal year (a) following the fifth anniversary of the closing of our IPO, (b) in which we have total annual gross revenues of at least $1.235 billion or (c) in which we are deemed to be a "large accelerated filer" under the rules of the SEC, which means the market value of our common shares that is held by non-affiliates exceeds $700 million as of the last day of our second quarter, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

We are also a "smaller reporting company," meaning that the market value of our stock held by non-affiliates is less than $700 million and our annual revenue was less than $100 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our stock held by non-affiliates is less than $250 million or (ii) our annual revenue is less than $100 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than $700 million.

If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Under SEC rules and regulations, because we are considered to be a "smaller reporting company," we are not required to provide the information required by this item in this report.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of September 30, 2024, our disclosure controls and procedures were effective at the reasonable assurance level.

Limitations on Effectiveness of Disclosure Controls and Procedures

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not currently subject to any material legal proceedings.

Item 1A. Risk Factors.

Investing in our common stock involves a high degree of risk. Information regarding risk factors appears in "Part I, Item 1A. Risk Factors" of our 2023 Form 10-K. Except as otherwise described herein, there have been no material changes in our risk factors from those previously disclosed in our 2023 Form 10-K.

We have incurred significant losses since our inception. We expect to incur losses over the next several years and may never achieve or maintain profitability.

Since our inception, we have incurred significant losses, and we expect to continue to incur significant expenses and operating losses for the foreseeable future. Our net loss was $60.4 million for the year ended December 31, 2023, and $57.7 million and $41.1 million for the nine months ended September 30, 2024 and 2023, respectively. As of September 30, 2024, we had an accumulated deficit of $174.1 million. Since our inception, we have financed our operations primarily with proceeds from the sales of shares of our convertible preferred stock and the issuance of convertible notes, proceeds raised in our IPO and concurrent private placement, and most recently, proceeds from our April 2024 Private Placement. We have no products approved for commercialization and have never generated any revenue from product sales.

All of our drug candidates are still in clinical and preclinical testing. We expect to continue to incur significant expenses and operating losses over the next several years. Our net losses may fluctuate significantly from quarter to quarter and year to year. We anticipate that our expenses will increase substantially as we:

- continue to conduct our ongoing clinical trials of ACR-368 and ACR-2316, as well as initiate and complete additional clinical trials of future drug candidates or current drug candidates in new indications or patient populations;
- continue to advance the preclinical development of our other drug candidates, and our preclinical and discovery programs;
- seek regulatory approval for any drug candidates that successfully complete clinical trials;
- pursue marketing approvals and reimbursement for our drug candidates;
- manufacture material under current good manufacturing practices, or cGMP, for clinical trials and potential commercial sales at our contracted manufacturing facilities;
- develop, establish and validate our commercial-scale cGMP manufacturing process;
- maintain, expand, enforce, defend and protect our intellectual property portfolio;
- comply with regulatory requirements established by the applicable regulatory authorities;
- establish, either alone or with a third party, a sales, marketing and distribution infrastructure and scale up external, or establish internal, manufacturing and distribution capabilities to commercialize any drug candidates for which we may obtain regulatory approval;
- hire and retain additional personnel, including research, clinical, development, manufacturing quality control, quality assurance, regulatory and scientific personnel;
- add operational, financial, corporate development, management information systems and administrative personnel, including personnel to support our product development and planned future commercialization efforts; and
- incur additional legal, accounting and other expenses in operating as a public company.

To date, we have not generated any revenue from the commercialization of any drug candidate. To become and remain profitable, we must succeed in developing and eventually commercializing drug candidates that generate significant revenue. This will require us to be successful in a range of challenging activities, including completing preclinical testing and clinical trials of our drug candidates, validating manufacturing processes, obtaining regulatory approval, and manufacturing, marketing and selling any drug candidates for which we may obtain regulatory approval, as well as discovering and developing additional drug candidates. All of our drug candidates are in clinical or preclinical development. We may never succeed in these activities and, even if we do, may never generate any revenue or revenue that is significant enough to achieve profitability.

Because of the numerous risks and uncertainties associated with drug candidate development, we are unable to accurately predict the timing or amount of expenses or when, or if, we will be able to achieve profitability. If we are required by regulatory authorities to perform clinical trials or preclinical studies in addition to those currently expected, or if there are any delays in the initiation and completion of our clinical trials or the development of any of our drug candidates, our expenses could increase.

Even if we achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would depress the value of our company and could impair our ability to raise capital, expand our business, maintain our development efforts, obtain product approvals, diversify our offerings or continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

We will need additional funding to meet our financial obligations and to pursue our business objectives. If we are unable to raise capital when needed, we could be forced to curtail our planned longer-term operations and the pursuit of our growth strategy.

Our operations have consumed substantial amounts of cash since inception, and we expect to continue to incur significant expenses and operating losses over the next several years as we continue to develop our drug candidate pipeline and, to a lesser extent, build out our manufacturing capabilities for our drug candidates, which, if approved, may not achieve commercial success. Our revenue, if any, will be derived from sales of products that may not be commercially available for a number of years, if at all. If we obtain marketing approval for any drug candidates that we develop or otherwise acquire, we expect to incur significant commercialization expenses related to product sales, marketing, distribution and manufacturing. We also expect an increase in our expenses associated with creating additional infrastructure to support operations as a public company. Accordingly, we will need to obtain substantial additional funding in order to continue our operations.

As of September 30, 2024, we had cash, cash equivalents and investments of $202.8 million. We believe that our existing cash, cash equivalents and investments as of September 30, 2024, will be sufficient to fund our operating expenses and capital expenditure requirements into the second half of 2026. This estimate is based on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect. Changes may occur beyond our control that would cause us to consume our available capital before that time, including changes in and progress of our development activities, acquisitions of additional drug candidates and changes in regulation. The timing and amount of our funding requirements will depend on many factors, including but not limited to:

- the rate of progress in the development of ACR-368, ACR-2316, and our other drug candidates;
- the scope, progress, results and costs of non-clinical studies, preclinical development, laboratory testing and clinical trials for ACR-368, ACR-2316, and future drug candidates and associated development programs;
- the extent to which we develop, in-license or acquire other drug candidates and technologies in our pipeline;
- the scope, progress, results and costs as well as timing of process development and manufacturing scale-up and validation activities associated with ACR-368, ACR-2316, and our future drug candidates and other programs as we advance them through preclinical and clinical development;
- the ability of our AP3 platform to identify patient responders;
- the number and development requirements of drug candidates that we may pursue;
- the costs, timing and outcome of regulatory review of our drug candidates;
- our headcount growth and associated costs as we expand our research and development capabilities and establish a commercial infrastructure;
- the timing and costs of securing sufficient capacity for commercial supply of our drug candidates, or the raw material components thereof;
- the costs and timing of future commercialization activities, including product manufacturing, marketing, sales and distribution, for any of our drug candidates for which we receive marketing approval;
- the costs necessary to obtain regulatory approvals, if any, for products in the United States and other jurisdictions, and the costs of post-marketing studies that could be required by regulatory authorities in jurisdictions where approval is obtained;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims;
- the continuation of our existing licensing and collaboration arrangements and entry into new collaborations and licensing arrangements, if at all;
- the need and ability to hire additional research, clinical, development, scientific and manufacturing personnel;
- the costs we incur in maintaining business operations;
- the need to implement additional internal systems and infrastructure;
- the effect of competing technological, product and market developments;

- the revenue, if any, received from commercial sales of our drug candidates for which we receive marketing approval;
- the costs of operating as a public company; and
- business disruptions affecting the initiation, patient enrollment, development and operation of our clinical trials, including a public health emergency (PHE) or geopolitical events, including the ongoing Russian invasion of Ukraine, related sanctions against Russia and conflicts in the Middle East.

We will require additional capital to achieve our business objectives. Additional funds may not be available on a timely basis, on favorable terms or at all, and such funds, if raised, may not be sufficient to enable us to continue to implement our long-term business strategy. Any additional fundraising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our drug candidates. Further, our ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and the recent disruptions to and volatility in the credit and financial markets in the United States and worldwide resulting from the ongoing Russian invasion of Ukraine and related sanctions against Russia and the Israel-Hamas conflicts. If we are unable to raise sufficient additional capital, we could be forced to curtail our planned operations and the pursuit of our growth strategy.

A significant portion of our total outstanding shares are restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. As of November 7, 2024, we had 31,136,296 shares of common stock outstanding. This includes 7,550,000 shares sold in our IPO, which may be resold in the public market. As of November 7, 2024, approximately 14.0 million shares were held by our affiliates, who are generally restricted from selling pursuant to securities laws. Our shares may be resold and the market price of our stock could decline if the holders of currently-restricted shares sell them or are perceived by the market as intending to sell them.

We have filed a registration statement on Form S-8 under the Securities Act registering shares subject to outstanding stock options issued under the 2019 Stock Incentive Plan and shares of common stock reserved for issuance under the 2022 Stock Option and Incentive Plan, or the 2022 Plan, and the 2022 Employee Stock Purchase Plan, or the 2022 ESPP. Both the 2022 Plan and the 2022 ESPP provide for annual automatic increases in the shares reserved for issuance under the plans which could result in additional dilution to our stockholders. Shares registered under these registration statements on Form S-8 can be freely sold in the public market upon issuance, subject to the vesting of the equity awards, other restrictions provided under the terms of the applicable plan or equity award, and the restrictions of Rule 144 in the case of our affiliates.

We also filed a registration statement on Form S-3, which was declared effective by the SEC on April 29, 2024, covering the resale of 8,235,000 shares of our common stock and 7,060,000 shares of our common stock issuable upon the exercise of pre-funded warrants held by selling stockholders who participated in the April 2024 Private Placement. Pursuant to the registration statement on Form S-3, these selling stockholders may resell all or a portion of the 8,235,000 shares of common stock, and all or a portion of the 7,060,000 shares of common stock underlying the pre-funded warrants after the pre-funded warrants are exercised by the holders.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Sales of Unregistered Securities

None.

(b) Use of Proceeds from Public Offering of Common Stock

The offer and sale of shares in our IPO was registered under the Securities Act pursuant to a Registration Statement on Form S-1 (File No. 333-267911), which was declared effective by the SEC on November 9, 2022. There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act on November 16, 2022.

(c) Issuer Purchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Rule 10b5-1 Trading Plans

During the three months ended September 30, 2024, none of our directors or Section 16 reporting officers entered into, modified or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as such terms are defined in Item 408 of the SEC's Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Description
10.1*†	Fourth Amendment to OncoSignature Companion Diagnostic Agreement, by and between the Registrant and Akoya Biosciences, Inc., dated October 25, 2024.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2+	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

† Certain confidential information contained in this exhibit, indicated by asterisks, has been omitted pursuant to Item 601(b)(10)(iv) or Item 601(a)(5), as applicable, of Regulation S-K.

\+ This certification is being furnished solely to accompany this Quarterly Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

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

Acrivon Therapeutics, Inc.

Date: November 13, 2024

By: /s/ Peter Blume-Jensen

Peter Blume-Jensen, M.D., Ph.D.
Chief Executive Officer and President
(Principal Executive Officer)

Date: November 13, 2024

By: /s/ Rasmus Holm-Jorgensen

Rasmus Holm-Jorgensen
Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.1

CERTAIN CONFIDENTIAL INFORMATION, MARKED BY [***], HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT (I) IS NOT MATERIAL AND (II) IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

FOURTH AMENDMENT TO ONCOSIGNATURE COMPANION DIAGNOSTIC AGREEMENT

This **FOURTH AMENDMENT TO ONCOSIGNATURE COMPANION DIAGNOSTIC AGREEMENT** (this "**Fourth Amendment**") is effective as of September 30, 2024 (the "**Fourth Amendment Effective Date**") by and between:

Acrivon Therapeutics, Inc., a Delaware corporation with its principal place of business at 480 Arsenal Way, Suite 100, Watertown, MA 02472 ("**Acrivon**"), and

Akoya Biosciences, Inc., a Delaware corporation with its principal place of business at 100 Campus Drive, 6th floor, Marlborough, MA 01752 ("**Akoya**").

Acrivon and Akoya are each referred to individually as a "**Party**" and together as the "**Parties**."

WHEREAS, Acrivon and Akoya are parties to that certain OncoSignature Companion Diagnostic Agreement, dated June 17, 2022 (as amended, the "**Agreement**"), under which the Parties are collaborating to develop, validate, obtain regulatory approval for, and commercialize a companion diagnostic test for use with Prexasertib; and

WHEREAS, the Parties now wish to amend certain terms of the Agreement, as set forth in more detail below.

NOW THEREFORE, in consideration of the mutual promises and agreement set forth herein, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. [***]

2. The first sentence of Section 7.2 of the Agreement is hereby deleted and replaced in its entirety with the following:

> "Acrivon shall pay to Akoya (a) the non-refundable, non-creditable milestone payments corresponding to Akoya's achievement of milestones as set forth in Schedule 3.5a; provided, that Akoya shall provide written notice to Acrivon regarding achievement of each such milestone and an invoice for the milestone payment due, which invoice shall include a 30-day payment period from the date of receipt of invoice; and (b) upon completion of the applicable activities described in Schedule 3.5b, the Pre-Commercialization Progress Payments as set forth in Schedule 3.5b, which, notwithstanding anything to the contrary in this Agreement, shall be paid by Acrivon within 10 days after Akoya provides Acrivon written notice of completion of the applicable activities. For the avoidance of doubt, Acrivon's agreement to make the Pre-Commercialization Progress Payments, subject to the conditions set forth herein, in no way amends or limits Akoya's obligations with respect to all pre-commercialization activities or Commercialization activities, costs and otherwise, as defined in this Agreement, other than these Pre-Commercialization Progress Payments."

3. Acrivon acknowledges and agrees that, as of the Fourth Amendment Effective Date, the applicable activities for Pre-Commercialization Progress Payment 1 as set forth in Schedule 3.5b have been completed and Akoya has provided Acrivon written notice of completion of such activities.

4. Schedule 3.5 of the Agreement is hereby deleted and replaced in its entirety with Schedule 3.5a and Schedule 3.5b attached to this Fourth Amendment as Appendix A.

5. Exhibit A of the Agreement is hereby deleted and replaced in its entirety with Exhibit A attached to this Fourth Amendment as Appendix B.

6. [***]

7. This Fourth Amendment amends the terms of the Agreement as expressly provided above, and the Agreement, as so amended and including all of its other terms and provisions that are not amended, remains in full force and effect. Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement. The validity, performance, construction, and effect of this Fourth Amendment shall be governed by and construed under the substantive laws of the State of Delaware, without regard to conflicts of law rules that would cause the application of the laws of another jurisdiction. This Fourth Amendment may be executed in counterparts, all of which taken together shall be regarded as one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Fourth Amendment in duplicate originals by their proper officers as of the date set forth below.

ACRIVON THERAPEUTICS, INC.

By:	/s/ Peter Blume-Jensen
Name:	Peter Blume-Jensen
Title:	CEO, President, and Founder
Date:	10/25/2024

AKOYA BIOSCIENCES, INC.

By:	/s/ Brian McKelligon
Name:	Brian McKelligon
Title:	CEO
Date:	10/24/2024

Appendix A

Schedule 3.5a

Development Milestones; Development Milestone Payments

[***]

Schedule 3.5b

Pre-Commercialization Progress Payments

[***]

Appendix B

Exhibit A

Acrivon Background Intellectual Property

[***]

Appendix C

Pre-Commercialization Progress Payment 1 Deliverable

[***]

Appendix D

Pre-Commercialization Progress Payment 2 Deliverables

[***]

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter Blume-Jensen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Acrivon Therapeutics, 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 accounting principles;

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

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

5. The registrant's other certifying officer(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 13, 2024

By: /s/ Peter Blume-Jensen

Peter Blume-Jensen, M.D., Ph.D.
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rasmus Holm-Jorgensen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Acrivon Therapeutics, 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 accounting principles;

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

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

5. The registrant's other certifying officer(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 13, 2024

By: /s/ Rasmus Holm-Jorgensen

Rasmus Holm-Jorgensen
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. § 1350), Peter Blume-Jensen, Chief Executive Officer of Acrivon Therapeutics, Inc. (the "Company") hereby certifies that, to the best of his knowledge:

(1) The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2024, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

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

Dated: November 13, 2024

In Witness Whereof, the undersigned has set his hands hereto as of the 13th day of November 2024.

By: /s/ Peter Blume-Jensen

Peter Blume-Jensen, M.D., Ph.D.
Chief Executive Officer and President

*This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Acrivon Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. § 1350), Rasmus Holm-Jorgensen, Chief Financial Officer of Acrivon Therapeutics, Inc. (the "Company") hereby certifies that, to the best of his knowledge:

(1) The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2024, to which this Certification is attached as Exhibit 32.2 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

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

Dated: November 13, 2024

In Witness Whereof, the undersigned has set his hands hereto as of the 13th day of November 2024.

By: /s/ Rasmus Holm-Jorgensen
Rasmus Holm-Jorgensen
Chief Financial Officer

*This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Acrivon Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.