
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the month of June 2023

(Commission File No. 001-40241)

LAVA Therapeutics N.V.

(Translation of registrant's name into English)

Yalelaan 62
3584 CM Utrecht, The Netherlands
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

LAVA Therapeutics, N.V.

Exhibits 99.1 and 99.2 to this Report on Form 6-K shall be deemed to be incorporated by reference into the registration statement on Form S-8 (File no. 333-256655) and registration statement on Form F-3 (File no. 333-264246) of LAVA Therapeutics N.V. (including any prospectuses forming a part of such registration statements) and to be a part thereof from the date on which this report is filed, to the extent not superseded by documents or reports subsequently filed or furnished.

Exhibit 99.3 to this Report on Form 6-K is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

RISK FACTORS

Our business faces significant risks. You should carefully consider all of the information set forth in this report and in our other filings with the United States Securities and Exchange Commission (SEC). Our business, financial condition, results of operations and growth prospects could be materially adversely affected by any of these risks. This report also contains forward-looking statements that involve risks and uncertainties. Our results could materially differ from those anticipated in these forward-looking statements, as a result of certain factors including the risks described in our other SEC filings.

Exhibit List

<u>Exhibit</u>	<u>Description</u>
99.1	<u>Unaudited Condensed Consolidated Interim Financial Statements as of and for the Three Months Ended March 31, 2023 and 2022</u>
99.2	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations as of and for the Three Months Ended March 31, 2023 and 2022</u>
99.3	<u>Press Release dated June 8, 2023</u>

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.

LAVA Therapeutics, N.V.
(Registrant)

Date: June 8, 2023

By: /s/ Fred Powell
Fred Powell
Chief Financial Officer

LAVA THERAPEUTICS N.V.
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LAVA Therapeutics N.V.
Condensed Consolidated Interim Statements of Loss
and Comprehensive Loss
(in thousands, except share and per share amounts) (unaudited)

	Notes	Three Months Ended	
		March 31,	
		2023	2022
Revenue from contracts with customers	6	\$ 1,224	\$ 1,022
Cost of providing services	6	(745)	—
Cost of sales of goods	6	(185)	—
Gross profit		294	1,022
Operating expenses:			
Research and development	7	(9,943)	(7,497)
General and administrative	8	(3,890)	(4,237)
Total operating expenses		(13,833)	(11,734)
Operating loss		(13,539)	(10,712)
Interest income (expense), net		617	(163)
Foreign currency exchange (loss) gain, net		(947)	1,112
Total non-operating (loss) income		(330)	949
Loss before income tax		(13,869)	(9,763)
Income tax expense		(71)	(59)
Loss for the period		\$ (13,940)	\$ (9,822)
Items that may be reclassified to profit or loss			
Foreign currency translation adjustment		1,546	(2,203)
Total comprehensive loss		\$ (12,394)	\$ (12,025)
Loss per share:			
Loss per share, basic and diluted		\$ (0.53)	\$ (0.38)
Weighted-average common shares outstanding, basic and diluted		26,289,087	25,775,538

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

LAVA Therapeutics N.V.
Condensed Consolidated Interim Statements of Financial Position
(in thousands) (unaudited)

	Notes	March 31, 2023	December 31, 2022
Assets			
Non-current assets:			
Property and equipment, net		\$ 1,836	\$ 1,432
Right-of-use assets		1,850	651
Other non-current assets and security deposits		982	809
Total non-current assets		4,668	2,892
Current assets:			
Receivables and other		2,020	3,254
Prepaid expenses and other current assets		3,160	4,411
Investments	10	24,829	32,535
Cash and cash equivalents		100,604	100,333
Total current assets		130,613	140,533
Total assets		\$ 135,281	\$ 143,425
Equity and Liabilities			
Equity:			
Share capital	4	\$ 3,715	\$ 3,715
Equity-settled employee benefits reserve	9	10,572	8,942
Foreign currency translation reserve		(11,426)	(12,972)
Additional paid-in capital		194,424	194,424
Accumulated deficit		(122,009)	(108,069)
Total equity		75,276	86,040
Non-current liabilities:			
Deferred revenue	6	35,000	35,000
Lease liabilities		1,430	431
Total non-current liabilities		36,430	35,431
Current liabilities:			
Trade payables and other		3,117	3,965
VAT payable		50	45
Borrowings		4,853	4,640
Lease liabilities		699	379
License liabilities	5	4,829	4,732
Accrued expenses and other current liabilities		10,027	8,193
Total current liabilities		23,575	21,954
Total liabilities		60,005	57,385
Total equity and liabilities		\$ 135,281	\$ 143,425

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

LAVA Therapeutics N.V.
Condensed Consolidated Interim Statements of Changes in Equity
(in thousands, except share amounts) (unaudited)

	Note	Common shares	Share capital	Equity-settled employee benefits reserves	Foreign currency translation reserve	APIC	Accumulated deficit	Total
Balance at January 1, 2023		26,289,087	\$ 3,715	\$ 8,942	\$ (12,972)	\$ 194,424	\$ (108,069)	\$ 86,040
Loss for the period		—	—	—	—	—	(13,940)	(13,940)
Foreign currency translation adjustment		—	—	—	1,546	—	—	1,546
Share-based compensation expense	9	—	—	1,630	—	—	—	1,630
Balance at March 31, 2023		<u>26,289,087</u>	<u>\$ 3,715</u>	<u>\$ 10,572</u>	<u>\$ (11,426)</u>	<u>\$ 194,424</u>	<u>\$ (122,009)</u>	<u>\$ 75,276</u>

	Note	Common shares	Share capital	Equity-settled employee benefits reserves	Foreign currency translation reserve	APIC	Accumulated deficit	Total
Balance at January 1, 2022		25,775,538	\$ 3,653	\$ 4,829	\$ (6,223)	\$ 192,270	\$ (76,162)	\$ 118,367
Loss for the period		—	—	—	—	—	(9,822)	(9,822)
Foreign currency translation adjustment		—	—	—	(2,203)	—	—	(2,203)
Share-based compensation expense	9	—	—	2,068	—	—	—	2,068
Balance at March 31, 2022		<u>25,775,538</u>	<u>\$ 3,653</u>	<u>\$ 6,897</u>	<u>\$ (8,426)</u>	<u>\$ 192,270</u>	<u>\$ (85,984)</u>	<u>\$ 108,409</u>

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

LAVA Therapeutics N.V.
Condensed Consolidated Interim Statements of Cash Flows
(in thousands) (unaudited)

	Notes	Three Months Ended March 31,	
		2023	2022
Cash flows from operating activities:			
Loss before income tax		\$ (13,869)	\$ (9,763)
Adjusted for:			
Depreciation and amortization of non-current assets		129	101
Foreign currency exchange loss (gain), net		947	(1,112)
Depreciation of right-of-use assets		184	67
Share-based compensation expense	9	1,630	2,068
Income tax expense		(71)	(60)
Amortization of premium on investments		(471)	207
Changes in working capital:			
Receivables and other		1,283	(56)
VAT payable		4	(96)
Prepaid expenses and other assets		1,168	966
Trade accounts payable and other		(916)	105
Deferred revenue	6	—	(1,022)
License liabilities		—	(187)
Other liabilities		1,647	1,154
Net cash used in operating activities		(8,335)	(7,628)
Cash flows from investing activities:			
Purchases of property and equipment		(500)	(323)
Purchases of investments		—	(17,241)
Maturities of investments		8,177	20,935
Net cash provided by investing activities		7,677	3,371
Cash flows from financing activities:			
Proceeds from borrowings		117	306
Payment of principal portion of lease liabilities		(214)	(36)
Net cash (used in) provided by financing activities		(97)	270
Net decrease in cash and cash equivalents		(755)	(3,987)
Cash and cash equivalents at beginning of period		100,333	90,869
Effects of exchange rate changes on cash and cash equivalents		1,026	(1,159)
Cash and cash equivalents at end of period		\$ 100,604	\$ 85,723

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

LAVA Therapeutics N.V.
Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 1—General Information

LAVA Therapeutics N.V., together with its subsidiary, is a clinical-stage immuno-oncology company focused on developing its proprietary Gammabody™ platform of bispecific gamma-delta T cell engagers to transform the treatment of cancer. Using its Gammabody platform, the Company is developing a portfolio of novel bispecific antibodies designed to engage and leverage the potency and precision of gamma-delta (gd) T cells to elicit a robust, anti-tumor immune response and improve outcomes for cancer patients. LAVA Therapeutics N.V. was incorporated in 2016 and is headquartered in Utrecht, the Netherlands. Unless the context otherwise requires, references to the “Company,” “we,” “us” and “our” refer to LAVA Therapeutics N.V. and its subsidiary.

In connection with becoming a public company, on March 29, 2021, the Company changed its name from “LAVA Therapeutics, B.V.” to “LAVA Therapeutics N.V.” The address of the Company’s registered office is Yalelaan 62, 3584 CM Utrecht, the Netherlands. The Company’s common shares are listed for trading under the symbol “LVTX” on The Nasdaq Global Select Market.

The Audit Committee of the Company’s Board of Directors approved these unaudited condensed consolidated interim financial statements on May 19, 2023.

Note 2—Summary of Significant Accounting Policies

Basis of preparation

The unaudited condensed consolidated interim financial statements of the Company are prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board. Certain information and disclosures normally included in the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) have been condensed or omitted. Accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2022 and accompanying notes, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

The accounting policies applied are consistent with those of the previous financial year. A description of our accounting policies is provided in the Accounting Policies section of the audited consolidated financial statements as of, and for the years ended, December 31, 2022 and 2021.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unaudited condensed consolidated interim financial statements are disclosed in Note 3. The interim financial data as of March 31, 2023 and 2022, and for the three months ended March 31, 2023 and 2022 are unaudited. In the opinion of management, the interim financial data includes all adjustments, consisting only of normal recurring adjustments, necessary to a fair statement of the results for the interim periods.

License Revenue

We may enter into collaboration and licensing arrangements for research and development, manufacturing, and commercialization activities with counterparties for the development and commercialization of our product candidates. These arrangements may contain multiple components, such as (i) licenses, (ii) research and development activities, and (iii) the manufacturing of certain material. Payments

pursuant to these arrangements may include non-refundable and refundable payments, payments upon the achievement of significant regulatory, development and commercial milestones, sales of product at certain agreed-upon amounts, and royalties on product sales.

In determining the appropriate amount of revenue to be recognized as we fulfill our obligations under a collaboration agreement, we perform the following steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are capable of being distinct; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue as we satisfy each performance obligation.

We must develop estimates and assumptions that require judgment to determine the underlying stand-alone selling price for each performance obligation, which determines how the transaction price is allocated among the performance obligations. The estimation of the stand-alone selling price may include such estimates as forecasted revenues and costs, development timelines, discount rates and probabilities of regulatory and commercial success. We also apply significant judgment when evaluating whether contractual obligations represent distinct performance obligations, allocating transaction price to performance obligations within a contract, determining when performance obligations have been met, assessing the recognition and future reversal of variable consideration and determining and applying appropriate methods of measuring progress for performance obligations satisfied over time.

Revision of immaterial misstatements

During the year ended December 31, 2022, the Company identified misstatements in its historical accounting for foreign currency translations and share-based compensation expenses in the condensed consolidated interim financial statements for certain prior periods. Management evaluated the misstatements and concluded that they were immaterial, either individually or in the aggregate, to its current or previously issued consolidated financial statements. As a result, certain comparative amounts in the consolidated statements of profit and loss and comprehensive profit and loss, financial position, changes in equity and cash flows have been revised to correct for such immaterial misstatements with respect to foreign currency translations and share-based compensation expenses. Such revisions and their impact are disclosed more fully in Note 11, "Revision of Immaterial Misstatements."

Going concern

These condensed consolidated interim financial statements have been prepared by management on the assumption that the Company will be able to continue as a going concern, which presumes that the Company will, for at least the next 12 months, be able to realize its assets and discharge its liabilities in the normal course of business.

Through March 31, 2023, the Company has funded its operations with proceeds from sales of equity, collaboration and licensing agreements, government grants and borrowings under various agreements. Since its inception, the Company has incurred recurring net losses. The Dutch Research and Development Act (WBSO) provides compensation for a part of research and development wages and other costs through a reduction in payroll taxes. WBSO grant amounts are offset against wages and salaries and included in research and development expenses in the condensed consolidated interim statements of profit and loss and comprehensive profit and loss.

As of March 31, 2023, the Company had an accumulated deficit of \$122.0 million. The Company expects to continue to generate operating losses in the foreseeable future. The Company expects that its cash, cash equivalents and investments of \$125.4 million as of March 31, 2023 will be sufficient to fund its operating expenses and capital expenditure requirements for at least 12 months following the issuance of these financial statements. Accordingly, the condensed consolidated interim financial statements have been prepared on a going concern basis.

Until we can generate sufficient product revenue to finance our cash requirements, which we may never do, we expect to finance our future cash needs through a combination of public or private equity offerings, debt financings, collaborations, strategic alliances, licensing arrangements and other marketing or distribution arrangements. Disruptions in the financial markets in general may make equity and debt financing more difficult to obtain and may have a material adverse effect on our ability to meet our fundraising needs. If we are unable to obtain sufficient funding in a timely manner or on commercially acceptable terms, we may have to delay, reduce the scope of, or eliminate one or more of our operating activities, and consider other cost reduction initiatives, such as downsizing our operations or withholding initiation or expansion of clinical trials or research. In addition, in the event we are not able to generate sufficient funds, we may be unable to continue as a going concern and our business, financial condition and/or results of operations could be materially and adversely affected and could reduce the price of our common shares and we may ultimately go into insolvency. In addition, any perceived or actual inability by us to finance our clinical development activities and other business activities may cause the market price of our common shares to decline.

Cash and cash equivalents

Cash and cash equivalents in the condensed consolidated interim statements of financial position are comprised of cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. Our cash and cash equivalents are held in multiple currencies, primarily in the Euro and United States (U.S.) dollar. Accordingly, our cash balances may be exposed to foreign currency exchange risk.

For the purposes of the condensed consolidated interim statements of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

Investments

As of March 31, 2023, we have determined that we have the intent and ability to hold all investments in debt securities until maturity. Accordingly, all investments are recorded at amortized cost on our condensed consolidated interim statements of financial position, with the amortization of bond premiums or discounts and earned interest income recorded in our condensed consolidated interim statements of profit and loss.

Financial instruments

(i) Financial assets

The Company's financial assets are comprised of cash and cash equivalents, investments, trade and other receivables, security deposits and other current and non-current assets. All financial assets are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases and sales of financial assets are recognized on the settlement date; the date that the Company receives or delivers the asset. The Company classifies its financial assets primarily as cash and cash equivalents, investments and receivables. Receivables are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market. They are included in current assets.

Financial assets are derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full.

(ii) Financial liabilities

The Company's financial liabilities are comprised of trade and other payables, lease liabilities, and borrowings. All financial liabilities are recognized initially at fair value, adjusted for transaction costs.

After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest method, minus transaction costs that are directly attributable to the financial liability. The effective

interest method amortization is included in finance costs in the condensed consolidated interim statements of profit and loss and other comprehensive profit and loss.

Payables and borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities are derecognized when the obligation under the liability is discharged, canceled, or expires.

(iii) ***Fair value measurements***

The Company does not hold any financial assets and financial liabilities other than those measured at amortized cost. Management assessed that the carrying values of the Company's financial assets and financial liabilities measured at amortized cost are a reasonable approximation of their fair values.

There were no new standards, interpretations, or amendments that became effective in the current reporting period which had an impact on the unaudited condensed consolidated interim financial statements.

Note 3—Significant Accounting Judgments, Estimates and Assumptions

In the application of our accounting policies, the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments made in the process of applying our accounting policies which have the most significant effect on the amounts recognized in our unaudited condensed consolidated interim financial statements relate to revenue recognition, share-based payments, accruals for clinical trial expenses, lease accounting, and to our research and license agreements.

The key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, primarily relate to recognition of accruals for manufacturing and clinical trial activities. No significant adjustments to accruals have been recognized during the first three months of 2023 or 2022, due to conditions that existed as of December 31, 2022 or 2021, respectively. Additionally, there have been no changes to the application of significant accounting estimates, and no impairment losses have been recognized during the first three months of 2023 or 2022.

The unaudited condensed consolidated interim financial statements do not include all disclosures for critical accounting estimates and judgments that are required in the annual consolidated financial statements and should be read in conjunction with the Company's audited consolidated financial statements as of, and for the years ended, December 31, 2022 and 2021.

Note 4—Equity

On March 29, 2021, the Company completed an initial public offering (IPO) of common shares in the U.S. pursuant to its registration statement on Form F-1, as amended (File No. 333-253795). Pursuant to the registration statement, the Company issued and sold 6,700,000 shares of \$0.14 par value common shares at a price of \$15.00 per share. Net proceeds from the IPO were approximately \$88.7 million after deducting underwriting discounts and commissions of \$7.0 million and offering costs of \$4.5 million.

On April 19, 2021, underwriters of the Company's IPO consummated the exercise of their option to purchase 425,712 common shares from the Company at the price of \$15.00 per share resulting in additional IPO proceeds to the Company of \$5.9 million after deducting underwriting discounts and commissions of \$0.4 million.

In March 2021, the Company also received \$56.6 million in proceeds from the Series C financing, net of repurchasing Series A Preferred shares and common shares. Prior to the IPO in March 2021, all outstanding series of preferred shares were converted to common shares.

The share capital of LAVA Therapeutics N.V. consisted of 26,289,087 issued and outstanding common shares at a nominal value of \$0.14 per share as of March 31, 2023.

Note 5—License Liabilities

On February 25, 2021, the license and assignment agreement with Stichting VUmc (VUmc) was restated, due to the Company's IPO which triggered a \$13.1 million payment (VUmc payment). The VUmc payment was calculated as the following:

- The Company shall issue common shares equal to \$3.3 million divided by the IPO price and pay \$0.2 million in cash, which was executed and paid in 2021; and
- On each of the first and second anniversary of the IPO, the Company shall pay \$4.8 million. Such payment shall be made in cash or common shares, at the election of the Company, valued using the closing price of common shares on the date two trading days prior to the respective anniversary of the IPO.

The first of the \$4.8 million payments became due to VUmc in March 2022 and was settled through the issuance of 491,352 shares of common stock and \$2.4 million in cash in August 2022. The second VUmc IPO anniversary payment came due in March 2023 and payment was made in May 2023. This second VUmc IPO anniversary payment is classified as a current liability in the unaudited condensed consolidated interim statements of financial position as of March 31, 2023.

Note 6—Revenue and cost of sales

Seagen Agreement

In September 2022, the Company entered into an exclusive worldwide license agreement with Seagen, Inc. (Seagen Agreement) to develop, manufacture and commercialize SGN-EGFRd2 (LAVA-1223), an advanced preclinical asset that utilizes LAVA's proprietary Gammabody technology to target EGFR-expressing solid tumors. Under the terms of the agreement, the Company received a \$50.0 million nonrefundable upfront payment in October 2022 and could receive up to approximately \$650.0 million in potential development, regulatory and commercial milestones, and royalties ranging from high single-digit to mid-teen percentages on future sales, within a range of less than 10%. The agreement also provides Seagen with the opportunity to exclusively negotiate rights to apply LAVA's proprietary Gammabody platform on up to two additional tumor targets.

The Company is entitled to receive tiered royalties based on commercial sales levels from mid-single to double digit percentages of net sales of licensed products. Seagen has also granted us a one-time option to obtain increased royalties if the Company exercises a buy-up option within a certain amount of time from certain key early clinical data becoming available for the first licensed product. The Company has a specified period of time after notice of such buy-up option to pay Seagen a one-time fee of \$35.0 million (buy-up fee). In the event the Company exercises the buy-up option and pays the buy-up fee, it is entitled to receive increased future royalty percentages to a range of low double-digit to high mid-teen percentages on future sales, within a range of less than 10%, and certain future milestones will be decreased by 30%.

Royalties are payable on a licensed product-by-licensed product and country-by-country basis beginning with the first commercial sale of such licensed product in such country of sale and expiring ten years after such sale, subject to specified and capped reductions for the market entry of biosimilar products, loss of patent coverage of licensed products, and for payments owed to third parties for additional rights necessary to commercialize licensed products in the territory.

Under the Seagen Agreement the Company is also entitled to receive reimbursement of up to \$6.5 million for certain agreed to research, manufacturing and supply activities, as well as the transfer of all manufacturing-related know-how and materials, including all CMC documentation, data and processes, to enable the manufacture of licensed compounds and products by Seagen.

The Company determined that the Seagen Agreement and the research, manufacturing and supply activities and materials transfer fall within the scope of IFRS 15, *Revenue from Contracts with Customers* (IFRS 15). In calculating the transaction price, the Company determined the following four performance obligations under the agreement: (i) provide exclusive license; (ii) provide manufacturing technology transfer activities; (iii) provide initial drug supply; and (iv) research activities, including data and support for regulatory submission.

For the three months ended March 31, 2023, no changes were made to the allocation of performance obligations to the purchase price. The Company allocated the transaction price to the performance obligations as of March 31, 2023 as follows:

(in thousands)	Transaction Price	Revenue Recognized for the quarter ended March 31, 2023	Other Asset as of March 31, 2023
License	\$ 50,000	\$ —	\$ —
Manufacturing technology transfer activities	2,167	63	—
Initial supply	3,583	924	2,364
Research activities	750	11	—
Buy-up fee	(35,000)	—	—
	<u>\$ 21,500</u>	<u>\$ 998</u>	<u>\$ 2,364</u>

(in thousands)	Transaction Price	Cumulative Revenue Recognized as of March 31, 2023	Other Asset as of March 31, 2023
License	\$ 50,000	\$ 15,165	\$ —
Manufacturing technology transfer activities	2,167	2,136	—
Initial supply	3,583	924	2,364
Research activities	750	674	—
Buy-up fee	(35,000)	—	—
	<u>\$ 21,500</u>	<u>\$ 18,899</u>	<u>\$ 2,364</u>

No revenue or contract asset was recognized for the three months ended March 31, 2022 as the Seagen Agreement was not signed until September 2022. Of the initial supply revenue recognized during the three months ended March 31, 2023, \$0.7 million related to services provided in relation to stability studies, and \$0.2 million related to the cost of drug supply provided to Seagen.

Janssen Agreement

In May 2020, the Company entered into a research collaboration and license agreement (Janssen Agreement) with Janssen Biotech, Inc. (Janssen). As part of the Janssen Agreement, the Company received a non-refundable upfront payment of \$8.0 million, which was recognized on a straight-line basis over the two-

year term of the research activities under the agreement. Revenues for the three months ended March 31, 2023 and 2022 were zero and \$1.0 million, respectively. The revenues were related to the straight-line recognition of the upfront payment. The straight-line method of recognition materially approximates the cost to cost method of revenue recognition. As of March 31, 2023, the Company had no remaining unearned income related to this payment.

Note 7—Research and Development Expenses

Research and development expenses were as follows:

(in thousands)	Three Months Ended March 31,	
	2023	2022
Pre-clinical and clinical trial expenses	\$ 6,557	\$ 4,509
Personnel-related expenses	1,706	1,442
Facilities and other research and development expenses	694	341
Research and development activities expenses	509	526
Share-based compensation expense	477	679
	<u>\$ 9,943</u>	<u>\$ 7,497</u>

Note 8—General and Administrative Expenses

General and administrative expenses were as follows:

(in thousands)	Three Months Ended March 31,	
	2023	2022
Share-based compensation expense	\$ 1,153	\$ 1,389
Personnel-related expenses	1,065	1,340
Insurance, facilities, fees and other related costs	894	775
Professional and consultant fees	778	733
	<u>\$ 3,890</u>	<u>\$ 4,237</u>

Note 9—Share-based Awards

As of March 25, 2021, the 2018 Stock Option Plan and the 2020 U.S. Stock Option Plan ceased to have any future shares available, and the Company established the 2021 Long-Term Incentive Option Plan (the Plan) for all its employees, members of the Board of Directors and select external consultants.

Stock Options

There were 5,767,769 stock options outstanding as of March 31, 2023, at a weighted-average exercise price of \$3.94 per share. During the three months ended March 31, 2023, 732,271 options were granted to employees and nonemployee directors at a weighted-average exercise price of \$3.44 per share.

Total compensation cost recognized for all stock option awards was as follows:

(in thousands)	Three Months Ended March 31,	
	2023	2022
Research and development	\$ 477	\$ 679
General and administrative	1,153	1,389

\$ 1,630 \$ 2,068

The fair value of the share options has been measured using the Black-Scholes model. The assumptions used in the measurement of the fair values and the weighted average of the share options granted during the current quarter:

	<u>March 31, 2023</u>
Expected annual average volatility	88.9%
Expected life, years	6.08
Fair value of the common share	1.60 - 2.92
Exercise price	2.10 - 3.86
Dividend yield	—
Risk-free interest rate	3.46% - 4.16%
Weighted average grant date fair value	\$ 2.60

The Company estimates volatility based on the historical volatility of its peer group. The unrecognized remaining stock-based compensation balance for shares issued from all option plans was approximately \$7.6 million as of March 31, 2023, which is expected to amortize over a weighted-average 0.97 years.

Note 10—Investments

Our investments in debt securities consist of investments in U.S. Treasury securities, with maturities ranging from three months to one year. All of these investments are classified as held to maturity and recorded in current assets on our condensed consolidated interim statements of financial position at amortized cost. As of March 31, 2023, the carrying value of our investments were \$24.8 million, which approximates fair value. Given the high quality ratings of these investments in debt securities, we have not recorded an allowance for credit losses as of March 31, 2023.

Note 11 – Revision of Immaterial Misstatements

In connection with the preparation and review of the Company's consolidated interim and year-end financial statements for December 31, 2022, management identified certain immaterial misstatements in our historical financial statements related to the accounting for foreign currency exchange gains and losses associated with cash balances held in USD at LAVA Therapeutics, N.V. with a functional currency of Euro. We incorrectly computed and recorded the foreign exchange gain (loss) from our USD cash account in a Euro functional entity as foreign currency translation adjustment instead of foreign currency gain (loss). Management also identified certain immaterial misstatements in our historical financial statements primarily related to research and license revenue reported at the incorrect exchange rate and the accounting for share-based compensation expenses. We incorrectly computed and recorded the share-based compensation expenses due to an error in the calculation of the expense attribution over the vesting period, resulting in an incorrect and accelerated expense being recorded.

In accordance with the guidance set forth in Securities and Exchange Commission (SEC) Staff Accounting Bulletin (SAB) 99, Materiality, and SEC SAB 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financials, the Company concluded these misstatements were not material to the previously issued consolidated financial statements. We are revising our historical financial statements to revise the immaterial misstatements.

The revision for the foreign currency exchange and share-based compensation expense misstatements did not have an impact on total equity as of March 31, 2022, or any prior periods. As a result of the Company's immaterial misstatements, net loss was overstated by \$0.7 million, research and license revenue was understated by less than \$0.1 million, operating expenses were overstated by \$0.2 million and foreign currency exchange gain (loss), net was understated by \$0.5 million for the three months ended March 31, 2022. Also, as a result of a clerical error in presentation, our as reported foreign currency translation

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adjustment in the consolidated statement of loss and comprehensive loss was overstated by \$0.6 million for the three months ended March 31, 2022, this being the difference between the amount in the statement of total comprehensive loss and the amount in the statement of equity.

In the Condensed Consolidated Interim Statement of Loss and Comprehensive Loss, we have revised the following:

	Three Months Ended March 31, 2022		
	As reported	Adjustment	As revised
(in thousands)			
Research and license revenue	\$ 1,000	\$ 22	\$ 1,022
Total revenue	\$ 1,000	\$ 22	\$ 1,022
Research and development expenses	\$ (7,601)	\$ 104	\$ (7,497)
General and administrative expenses	\$ (4,298)	\$ 61	\$ (4,237)
Total operating expenses	\$ (11,899)	\$ 165	\$ (11,734)
Operating loss	\$ (10,899)	\$ 187	\$ (10,712)
Foreign currency exchange gain (loss), net	\$ 566	\$ 546	\$ 1,112
Total non-operating income (loss)	\$ 403	\$ 546	\$ 949
Loss before income tax	\$ (10,496)	\$ 733	\$ (9,763)
Loss for the period	\$ (10,555)	\$ 733	\$ (9,822)
Foreign currency translation adjustment	\$ (2,216)	\$ 13	\$ (2,203)
Total comprehensive loss	\$ (12,771)	\$ 746	\$ (12,025)

In the Condensed Consolidated Interim Statements of Financial Position and Changes in Equity, we have revised the following:

	March 31, 2022		
	As reported	Adjustment	As revised
(in thousands)			
Equity-settled employee benefits reserve	\$ 7,452	\$ (556)	\$ 6,896
Accumulated deficit	\$ (86,540)	\$ 556	\$ (85,984)
Equity:	\$ 108,409	\$ —	\$ 108,409

In the Condensed Consolidated Interim Statements of Cash Flows, we have revised the following:

	Three Months Ended March 31, 2022		
	As reported	Adjustment	As revised
(in thousands)			
Loss before income tax	\$ (10,496)	\$ 733	\$ (9,763)
Foreign currency exchange gain (loss), net	\$ (566)	\$ (546)	\$ (1,112)
Share-based compensation expense	\$ 2,233	\$ (165)	\$ 2,068
Deferred revenue	\$ (1,000)	\$ (22)	\$ (1,022)
Net cash used in operating activities	\$ (7,628)	\$ —	\$ (7,628)

Note 12 – Subsequent Event

In May 2023, a milestone payment of \$2.5 million from Janssen was triggered under the terms of the research collaboration and license agreement entered in May 2020 following the selection of a candidate novel bispecific antibody to engage gamma-delta T cells to an undisclosed tumor associated antigen for the treatment of cancer. Efforts are underway to advance the candidate towards the clinic.

LAVA THERAPEUTICS, N.V.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following management's discussion and analysis of our financial condition and results of operations in conjunction with our unaudited condensed consolidated interim financial statements, including the notes thereto, included with this report, as well as our audited consolidated financial statements as of, and for the year ended, December 31, 2022, including the notes thereto, included in our annual report on Form 20-F, filed with the Securities and Exchange Commission on April 11, 2023. The following discussion is based on our financial information prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting." Certain information and disclosures normally included in the condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) have been condensed or omitted. Throughout this management's discussion and analysis, "we," "us," "our," "LAVA," and the "Company" refer to LAVA Therapeutics N.V. and its consolidated subsidiary, unless the context requires otherwise.

Special Note Regarding Forward-Looking Statements

This management's discussion and analysis contains statements that constitute forward-looking statements. Many of the forward-looking statements contained in this management's discussion and analysis can be identified by the use of forward-looking words such as "anticipate," "believe," "could," "expect," "should," "plan," "intend," "estimate" and "potential," among others. Forward-looking statements appear in several places in this management's discussion and analysis and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various important factors, including, but not limited to, those identified under the section titled "Risk Factors" in our annual report on Form 20-F. Forward-looking statements include, but are not limited to, statements about:

- our operations as a biotechnology company with limited operating history and a history of operating losses;
 - our plans to develop and commercialize our product candidates;
 - the initiation, timing, progress and results of our current and future preclinical studies and clinical trials and our research and development programs;
 - our ability to successfully acquire or in-license additional product candidates on reasonable terms;
 - our ability to maintain and establish collaborations or obtain additional funding;
 - our ability to obtain regulatory approval of our current and future product candidates;
 - our expectations regarding the potential market size and the rate and degree of market acceptance of our product candidates;
 - our continued reliance on third parties to conduct clinical trials of our product candidates and manufacture our product candidates for preclinical studies and clinical trials;
 - our ability to fund our working capital requirements and expectations regarding the sufficiency of our capital resources;
 - the implementation of our business model and strategic plans for our business and product candidates;
 - our ability to establish sales, marketing and distribution capabilities;
-

- our ability to enter into and maintain collaborations with third parties for the development or commercialization of our product candidates;
- our intellectual property position and the duration of our patent rights;
- our estimates regarding expenses, future revenues, capital requirements and our needs for additional financing;
- the impact of government laws and regulations on our business;
- our need to hire additional personnel and our ability to attract and retain such personnel;
- our ability to compete in the markets we serve;
- developments relating to our competitors and our industry; and
- other risk factors discussed under “Risk Factors.”

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events, except to the extent required by applicable law. In addition, there may be adverse effects on our business condition and results from general economic and market conditions and overall fluctuations in the United States and international equity markets, including deteriorating market conditions due to investor concerns regarding inflation and hostilities between Russia and Ukraine and recent and potential future disruptions in access to bank deposits or lending commitments due to bank failures.

The following discussion reflects the Company's revision of previously issued condensed consolidated interim financial statements to adjust for immaterial prior period misstatements, primarily related to foreign currency translations. Further information regarding the revision is included in our condensed consolidated interim financial statements, "Note 11 — Revision of Immaterial Misstatements," which are included as Exhibit 99.1 to the Form 6-K to which this management's discussion and analysis of financial condition and results of operations is an exhibit.

Overview

We are a clinical-stage immuno-oncology company focused on developing our proprietary Gammabody™ platform of bispecific gamma-delta T cell engagers to transform the treatment of cancer. Using our Gammabody platform, we are developing a portfolio of novel bispecific antibodies designed to engage and leverage the potency and precision of gamma-delta (gd) T cells to elicit a robust, anti-tumor immune response and improve outcomes for cancer patients.

We were incorporated in February 2016 in the Netherlands. In 2019, we established our wholly owned U.S. subsidiary, which began business in January 2020. We have not generated any revenue from the sale of products. Since inception, we have incurred recurring losses. As of March 31, 2023, we had an accumulated deficit of \$122.0 million.

LAVA-1207

In 2022, we dosed the first patient in a Phase 1/2a clinical trial evaluating LAVA-1207 in patients with metastatic castration-resistant prostate cancer (mCRPC). The open-label, multi-center, Phase 1/2a clinical trial will evaluate safety, tolerability, pharmacokinetics, pharmacodynamics, immunogenicity and preliminary anti-tumor activity of LAVA-1207. The Phase 1 dose-escalation phase is designed to determine a recommended Phase 2a dose of LAVA-1207. Once a recommended Phase 2 dose has been established, the trial will expand into the Phase 2a portion to confirm safety and evaluate the preliminary anti-tumor activity of LAVA-1207 in patients with mCRPC. Enrollment for the Phase 1/2a clinical trial for LAVA-1207 is ongoing and we have activated eight clinical trial sites in Europe and the United States, most of which are actively recruiting.

In February 2023, at the American Society of Clinical Oncology Genitourinary Cancers Symposium (ASCO GU), we reported the most recent clinical data for the ongoing Phase 1/2a clinical trial of LAVA-1207. For the first five cohorts, these initial data demonstrated predictable and linear pharmacokinetics and on-mechanism pharmacodynamics and a favorable safety profile. Preliminary signs of anti-tumor activity were observed at week 8, with iRECIST stable disease (iSD) in 8 out of 14 evaluable patients and PSA levels stabilizing or decreasing in several patients. iRECIST is the immune response evaluation criteria in solid tumors, a set of published rules that define whether tumors in cancer patients have improved, stayed the same or worsened during treatment. We expect to report additional safety and efficacy data for the dose escalation phase of the trial when it is available, which may inform the design of a future pivotal trial.

LAVA-051

In 2021, we dosed the first patient in a Phase 1/2a clinical trial evaluating LAVA-051 in patients with relapsed or refractory chronic lymphocytic leukemia (CLL) and multiple myeloma (MM). Patients with acute myeloid leukemia (AML) are expected to be included later in the trial once biologically relevant dosing has been reached. The open-label, multi-center clinical trial will evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics, immunogenicity and preliminary anti-tumor activity of LAVA-051. The Phase 1 dose escalation study may determine an optimal Phase 2 dose of LAVA-051. The Phase 2a portion of the study will enroll patients in disease-specific cohorts to confirm safety and evaluate preliminary anti-tumor activity in each disease cohort. The Phase 1/2a clinical trial for LAVA-051 has fifteen clinical trial sites in Europe and in the United States. In 2021, the FDA granted orphan drug designation for LAVA-051 for the treatment of CLL.

In December 2022, at the 64th American Society of Hematology Annual Meeting and Exposition (ASH), we reported the most recent clinical data from the first five patient cohorts of the Phase 1 dose-escalation study. These data may suggest potential signs of clinical activity as well as predictable and linear PK and on-mechanism PD parameters consistent with Vg9Vd2 engagement. Drug exposure and Vg9Vd2 T cell receptor occupancy of LAVA-051 increased with LAVA-051 dose increases and peripheral blood Vg9Vd2 T cells expressed increased levels of activation markers after dosing. One CLL patient experienced multiple enlarged tender diseased lymph nodes one week after first dosing that subsequently regressed, reminiscent of a tumor flare reaction that has been reported as a potential sign of anti-tumor activity in CLL patients treated with another immuno-oncology drug. The patient was assessed as stable disease at the pre-planned 12 week on-study assessment and also had a significant reduction in malignant B-cell count. Dosing in the LAVA-051 Phase 1/2a trial is ongoing, with subsequent cohorts planned to enroll patients in separate cohorts for intravenous and subcutaneous dosing. We expect to report additional clinical data from the trial when it is available, which may inform the design, including targeted populations, of a future pivotal trial.

SGN-EGFRd2 (LAVA-1223)

In September 2022, we entered into an exclusive worldwide license agreement (Seagen Agreement) with Seagen Inc. (Seagen) to develop, manufacture and commercialize SGN-EGFRd2 (LAVA-1223), an advanced preclinical asset that utilizes our proprietary Gammabody technology to target EGFR-expressing solid tumors. Under the terms of the agreement, we received a \$50 million nonrefundable upfront payment in October 2022 and are eligible to receive up to approximately \$650 million upon the achievement of development, regulatory and commercial milestones, as well as royalties ranging from the single digits to the mid-teens, within a range of less than 10%, on future sales. The agreement also provides Seagen with the opportunity to exclusively negotiate rights to apply our proprietary Gammabody platform on up to two additional tumor targets. In January 2023, we entered into a supply agreement with Seagen to fulfill part of our obligations under the Seagen Agreement and began shipping investigational drug supply to Seagen in May 2023.

Janssen Agreement

In May 2023, a milestone payment of \$2.5 million from Janssen Biotech, Inc. (Janssen) was triggered under the terms of the research collaboration and license agreement entered in May 2020 following the selection of a candidate novel bispecific antibody to engage gamma-delta T cells to an undisclosed tumor associated antigen for the treatment of cancer. Efforts are underway to advance the candidate towards the clinic.

Comparison of the Three Months Ended March 31, 2023 and 2022 (unaudited):**Research and license revenue**

Our research and license revenue was \$1.2 million and \$1.0 million for the three months ended March 31, 2023 and 2022, respectively. In connection with the Seagen Agreement, we recognized \$1.2 million in revenue for the three months ended March 31, 2023, related to reimbursement for research activities and delivery of initial supply.

Revenue of \$1.0 million for the three months ended March 31, 2022 related to our research collaboration and license agreement with Janssen Biotech, Inc. (Janssen Agreement). In connection with this collaboration, we received a non-refundable upfront payment of \$8.0 million that was recognized on a straight-line basis over the two-year term of the research activities under the Janssen Agreement, as this method approximated the underlying research and development activities over time. As of March 31, 2023, we had no remaining unearned income related to this payment.

Cost of sales

Our cost of sales was \$0.9 million and zero for the three months ended March 31, 2023 and 2022, respectively, relating to the cost of the initial supply delivery and related stability studies. Of this amount for the three months ended March 31, 2023, \$0.7 million related to costs of services related to stability studies for the product materials and \$0.2 million related to costs of product materials.

Research and development expenses

Below were our research and development expenses:

(in thousands)	Three Months Ended		Variance
	March 31,		
	2023	2022	
Pre-clinical and clinical trial expenses	\$ 6,557	\$ 4,509	\$ 2,048
Personnel-related expenses	1,706	1,442	264
Facilities and other research and development expenses	694	341	353
Research and development activities expenses	509	526	(17)
Share-based compensation expense	477	679	(202)
	\$ 9,943	\$ 7,497	\$ 2,446

The primary driver of our increase in research and development expenses for the three months ended March 31, 2023 was pre-clinical and clinical trial expenses, which increased by \$2.0 million. This increase was primarily due to increased manufacturing scale-up costs. Personnel-related expenses increased by \$0.3 million due to increased research and development headcount. Facilities and other research and development expenses increased by \$0.4 million primarily due to increased office and laboratory leases, costs related to the move to our new facilities and increased travel costs. These increases were offset by a \$0.2 million decrease in non-cash share-based compensation expenses primarily due to the reversal of expenses associated with stock option forfeitures due to the departure of our former chief medical officer.

General and administrative expenses

Below were our general and administrative expenses:

(in thousands)	Three Months Ended		Variance
	March 31,		
	2023	2022	
Share-based compensation expense	\$ 1,153	\$ 1,389	(236)
Personnel-related expenses	1,065	1,340	\$ (275)
Insurance, facilities, fees and other related costs	894	775	119
Professional and consultant fees	778	733	45

Personnel-related expenses and related share-based compensation decreased by \$0.3 million and \$0.2 million, respectively, primarily due to reduction in general and administrative headcount for the three months ended March 31, 2023, as compared to the same period in 2022. Insurance, facilities fees and other related costs, and professional and consultant fees remained consistent between the three months ended March 31, 2023 and 2022.

Interest income (expense), net

Interest income, net was \$0.6 million for the three months ended March 31, 2023, compared to interest expense, net of \$0.2 million for the three months ended March 31, 2022. Interest income (expense), net includes interest income from investments, net of interest on borrowings associated with our Innovation Credit from *Rijksdienst voor Ondernemend Nederland* and lease interest.

Foreign currency exchange (loss) gain, net

For the three months ended March 31, 2023 and 2022, foreign currency exchange (loss) gain, net decreased by \$2.1 million, from a gain of \$1.1 million during the three months ended March 31, 2022 to a loss of \$0.9 million during the three months ended March 31, 2023. This decrease was due to the impact of the fluctuation of the USD currency rate compared to the Euro on transaction gains and losses on cash and investments and other transactions denominated in USD held and occurring in the Euro functional currency entity.

Liquidity and Capital Resources

As of March 31, 2023, we had cash, cash equivalents and investments totaling \$125.4 million, compared to cash, cash equivalents and investments of \$132.9 million as of December 31, 2022. We have historically funded our operations primarily through the issuance of preference shares prior to our IPO and from the sale of common shares in our IPO and proceeds from the Seagen Agreement. Our expenditures are primarily related to research and development activities and general and administrative activities to support business operations.

In March 2021, we received net proceeds from our IPO of approximately \$88.7 million after deducting underwriting discounts and commissions of \$7.0 million and offering costs of \$4.5 million. In April 2021, we received additional net proceeds from the IPO of \$5.9 million from the exercise of the overallotment option from the underwriters after deducting underwriting discounts and commissions of \$0.4 million. In addition, we received \$56.6 million in net proceeds from our Series C financing, net of repurchasing Series A Preferred and common shares in March 2021.

In April 2022, we entered into an Equity Distribution Agreement (EDA) with JMP Securities LLC (JMP) under which JMP, as our exclusive agent, at our discretion and at such times that we may determine from time to time, may sell over a three-year period from the execution of the agreement up to a maximum of \$50 million of shares of our common stock. We have not sold any of our common shares under the EDA to date.

In September 2022, we entered into the Seagen Agreement for the development, manufacture and commercialization of LAVA-1223, an advanced preclinical asset that utilizes LAVA's proprietary Gammabody technology to target epidermal growth factor receptor (EGFR)-expressing solid tumors. Under the terms of the agreement, we received a \$50 million nonrefundable upfront payment in October 2022.

Cash and cash equivalents, and short-term marketable securities are financial instruments that potentially subject the Company to concentrations of credit risk. As of March 31, 2023 and December 31, 2022, cash consists of cash deposited with three financial institutions; account balances may exceed federally insured limits.

On March 10, 2023, Silicon Valley Bank, Santa Clara, California (SVB) was closed by the California Department of Financial Protection and Innovation and the Federal Deposit Insurance Corporation (FDIC) was appointed receiver. On March 26, 2023, First-Citizens Bank & Trust Company, Raleigh, North Carolina (First Citizens) purchased all deposits and loans of SVB, and the former SVB reopened as First-Citizens Bank & Trust Company on Monday, March 27, 2023. We had a banking relationship with SVB, including \$32.0 million as of December 31, 2022 held in Euros. Although most SVB depositors received full access to their funds on March 13, 2023, we had disrupted and delayed access to funds held in multi-currency accounts while the systems' conversions were being completed to allow full-service banking, which has been resolved. As of March 31, 2023 we had less than \$0.1 million of cash held at First Citizens.

Based on our current operating plan, we believe that our existing cash, cash equivalents and investments as of March 31, 2023 are sufficient to meet our projected cash requirements for at least 12 months from the date of this report. However, our operating plan may change as a result of many factors currently unknown to us, and we may need to seek additional funds sooner than planned. Our future funding requirements will depend on many factors, including, but not limited to, our ability to:

- continue the ongoing and planned development of our product candidates, including LAVA-051 and LAVA-1207;
- initiate, conduct and complete any ongoing, anticipated or future preclinical studies and clinical trials for our current and future product candidates;
- develop processes and scale manufacturing production for our current and future product candidates in accordance with cGMP;
- seek regulatory and marketing approvals for LAVA-051, LAVA-1207 and any of our other product candidates that successfully complete clinical trials;
- discover and develop additional bispecific gamma-delta engagers and make further investments in our Gammabody platform to identify additional product candidates;
- maintain, protect and expand our intellectual property portfolio; including costs associated with opposing and invalidating competitor patents and licensing other technologies for our product candidates;
- establish a sales, marketing, manufacturing and distribution, supply chain and other commercial infrastructure in the future to commercialize any current or future product candidate for which we may obtain marketing approval;
- expand our operations in the United States and Europe;
- add clinical, scientific, operational, financial and management information systems and personnel, including personnel to support our product development and planned future commercialization efforts;
- acquire or in-license additional product candidates and technologies;
- develop a potential companion diagnostic;
- incur additional legal, accounting and other expenses associated with operating as a public company;
- address any events outside of our control, including, but not limited to, outbreaks of infectious diseases such as the COVID-19 pandemic; and
- general economic and market conditions and overall fluctuations in the United States and international equity markets, such as deteriorating conditions due to investor concerns regarding inflation and the hostilities between Russia and Ukraine.

Additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, scale back or cease our research and development activities, preclinical studies and clinical trials for our product candidates and our establishment and maintenance of sales and marketing capabilities or other activities that may be necessary to commercialize our product candidates.

The following is a summary of our cash flows:

(in thousands)	For the Three Months Ended	
	March 31,	
	2023	2022
Net cash used in operating activities	\$ (8,335)	\$ (7,628)
Net cash provided by investing activities	7,677	3,371
Net cash (used in) provided by financing activities	(97)	270
Net decrease in cash and cash equivalents	<u>\$ (755)</u>	<u>\$ (3,987)</u>

Cash Flows Used in Operating Activities

Net cash used in operating activities for the three months ended March 31, 2023 was \$8.3 million compared to \$7.6 million for the three months ended March 31, 2022. During the three months ended March 31, 2023, we incurred net losses of \$13.9 million, primarily offset by \$0.9 million in foreign currency exchange losses, noncash share-based compensation expenses of \$1.6 million and changes in working capital of \$3.2 million. During the three months ended March 31, 2022, we incurred net losses of \$9.8 million and foreign currency exchange gains of \$1.1 million, primarily offset by noncash share-based compensation expenses of \$2.1 million and changes in working capital of \$0.9 million.

Cash Flows Provided by Investing Activities

Cash flows provided by investing activities for the three months ended March 31, 2023 were \$7.7 million, compared to \$3.4 million for the three months ended March 31, 2022. During the three months ended March 31, 2023, \$8.2 million of investments matured, offset by equipment purchases of \$0.5 million. During the three months ended March 31, 2022, \$20.9 million of investments matured, offset by \$17.2 million purchases of investments and \$0.3 million of equipment purchases.

Cash Flows (Used in) Provided by Financing Activities

Cash flows used in financing activities for the three months ended March 31, 2023 primarily consisted of \$0.2 million in principal payments on operating lease liabilities offset by \$0.1 million in proceeds from Innovation Credit borrowings. Cash flows provided by financing activities for the three months ended March 31, 2022 primarily consisted of \$0.3 million in proceeds from Innovation Credit borrowings offset by \$0.1 million in principal payments on operating lease liabilities.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements or any holdings in variable interest entities.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to a variety of risks in the ordinary course of our business, including, but not limited to, foreign currency risk and interest rate risk. We regularly assess each of these risks to minimize any adverse effects on our business as a result of those factors.

Foreign Currency Risk

We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD. We have received payments in USD under our collaborations and the proceeds from our initial public offering in March 2021 were in USD and we execute some transactions in USD. As a result, we are exposed to volatility in the condensed consolidated interim statements of profit and loss related to USD amounts and transactions occurring in a Euro functional entity, the impacts of which we have disclosed above. We regularly assess our foreign currency risk, maintain cash positions in the currencies in which we expect to incur the majority of our future expenses and may engage in hedging activities consistent with our investment policy to minimize this risk and preserve our capital.

Interest Rate Risk

We have interest-bearing debt with third parties. In addition, while we have no derivatives or financial assets and liabilities measured at fair value, our exposure to interest rate risk primarily relates to the interest rates for our positions of cash and cash equivalents, including short-term marketable securities. Our future interest income from interest-bearing bank deposits and short-term investments may fall short of expectations due to changes in interest rates. We do not consider the effects of interest rate fluctuations to be a material risk to our financial position.

We have adopted an investment policy with the primary purpose of preserving capital, fulfilling our liquidity needs and diversifying the risks associated with cash and marketable securities. This investment policy establishes minimum ratings for institutions with which we hold cash, cash equivalents and marketable securities, as well as rating and concentration limits for marketable securities that we may hold.

Credit Risk

We consider all of our material counterparties to be creditworthy. While the concentration of credit risk may be significant, we consider the credit risk for each of our counterparts to be low. Our exposure to credit risk primarily relates to our cash and cash equivalents, comprising bank deposits and short-term marketable securities with a maturity of three months or less at the date of acquisition. The credit risk on bank deposits is limited because the counterparties, holding significant deposits, are banks with high credit ratings assigned by international credit-rating agencies. Our banks are reviewed on a regular basis and our deposits may be transferred during the year to mitigate credit risk. We have considered the risk of expected credit loss on our cash deposits, including the hypothetical impact arising from the probability of default considering in conjunction with the expected loss given default from banks with similar credit ratings and attributes. In line with previous periods, our assessment did not reveal a material impairment loss, and accordingly no provision for expected credit loss has been made. We hold a portion of our bank deposits in a money market fund invested in short-term U.S. Treasury securities to further diversify the credit risk.

For other financial assets, including deposits and receivables, we consider the credit risk to be low and no provision for expected credit loss has been made.

Liquidity Risk

We manage our liquidity risk by maintaining adequate cash reserves and banking facilities, continuously monitoring our cash forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities. We monitor the risk of a shortage of funds using a liquidity planning tool, to ensure enough funds are available to settle liabilities as they fall due.

Historically we have addressed the risk of insufficient funds through the proceeds from our Series C financing and our IPO in March 2021, and research and license agreements with strategic partners.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unaudited condensed consolidated interim financial statements are disclosed in Note 3. The interim financial data as of March 31, 2023 and 2022, and for the three months ended March 31, 2023 and 2022 are unaudited. In the opinion of management, the interim financial data includes all adjustments, consisting only of normal recurring adjustments, necessary to a fair statement of the results for the interim periods.

RISK FACTORS

The risk factors set forth under the caption "Risk Factors" in Item 3 of our annual report on Form 20-F filed by the Company on April 14, 2023 shall be deemed to be incorporated by reference herein and to be a part hereof from the date on which this report is filed, to the extent not superseded by documents or reports subsequently filed or furnished. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems to be immaterial, may also affect its business, financial condition and/or future operating results.

LAVA THERAPEUTICS PROVIDES BUSINESS UPDATE AND REPORTS FIRST QUARTER 2023 FINANCIAL RESULTS

- *Lead development candidate selected by Janssen Biotech under research collaboration provides a milestone payment to LAVA*
- *Strong balance sheet expected to provide cash runway into 2026*

Utrecht, The Netherlands, and Philadelphia, USA – June 8, 2023 – LAVA Therapeutics N.V. (Nasdaq: LVTX), a clinical-stage immunology company focused on developing its proprietary Gammabody™ platform of bispecific gamma-delta T cell engagers, today announced recent corporate highlights and financial results for the quarter ended March 31, 2023.

“We entered 2023 with a strengthened leadership team and have laid the foundation for a productive year,” said Stephen Hurly, president and chief executive officer of LAVA Therapeutics. “We continue to advance our clinical trials in Europe and the United States. We are also working closely with our partners, supporting their efforts to move product candidates into clinical development. In addition, our research team continues to add to our pipeline, supporting the future of LAVA.”

Recent Pipeline Highlights

LAVA-1207

Gammabody designed to target the prostate-specific membrane antigen (PSMA) to trigger the potent and preferential killing of PSMA-positive tumor cells in patients with metastatic castration-resistant prostate cancer (mCRPC)

- The ongoing Phase 1/2a study of LAVA-1207 in patients with therapy refractory mCRPC has thus far demonstrated a favorable safety profile as well as preliminary signs of anti-tumor activity with disease stabilization and PSA reduction during dose escalation in this heavily pretreated patient population.
- The first patients in new, parallel cohorts have been dosed with low-dose (LD) interleukin (IL-2) which may increase the number of Vγ9Vδ2-T cells available for engagement by LAVA-1207.

LAVA-051

Gammabody designed to target CD1d-expressing tumors, including multiple myeloma (MM), chronic lymphocytic leukemia (CLL) and acute myeloid leukemia (AML)

- The ongoing Phase 1/2a clinical trial of LAVA-051 in patients with relapsing/refractory (R/R) CLL and MM has demonstrated a favorable safety profile as well as potential signs of clinical activity, linear PK and on-mechanism PD parameters consistent with Vγ9Vδ2-T cell engagement.
- Protocol now includes cohorts to be dosed with LD IL-2 which may increase the number of Vγ9Vδ2-T cells available for engagement by LAVA-051.

Recent Corporate Highlights

- In May 2023, a milestone payment from Janssen Biotech, Inc. (Janssen) was triggered under the terms of the research collaboration and license agreement entered in May 2020 following the selection of a candidate novel bispecific antibody to engage gamma-delta T cells to an undisclosed tumor-associated antigen for the treatment of cancer. Efforts are underway to advance the candidate towards the clinic.
 - Robin Hume was appointed as SVP, Head of Regulatory Affairs at LAVA effective May 15, 2023. Robin brings over 20 years of early and late-stage drug development, commercialization and regulatory experience to the Company. Over the past decade, she has held several leadership roles in global product and regulatory strategy at Jazz Pharmaceuticals. Previously,
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Robin served as Director of Regulatory Affairs at Gentium S.p.A, a biopharmaceutical company that was acquired by Jazz Pharmaceuticals in 2014.

First Quarter 2023 Financial Results

The financial information provided below reflects changes made to previously issued consolidated financial statements to revise immaterial prior-period misstatements. Further information regarding the revision is included in LAVA's consolidated financial statements, "Note 11 — Revision of Immaterial Misstatements," included in Exhibit 99.1 to the report on Form 6-K to be filed with the SEC on the date hereof.

- As of March 31, 2023, LAVA had cash, cash equivalents and investments totaling \$125.4 million compared to cash, cash equivalents and investments of \$132.9 million as of December 31, 2022. The Company believes its current cash, cash equivalents and investments will be sufficient to fund operations into 2026.
 - Revenue from contracts with customers was \$1.2 million and \$1.0 million for the quarters ended March 31, 2023 and 2022, respectively. Revenue of \$1.2 million for the quarter ended March 31, 2023 related to \$1.2 million in reimbursement activities in connection with the license agreement with Seagen entered into in September 2022. Revenue of \$1.0 million for the quarter ended March 31, 2022 related to the Company's research collaboration and license agreement with Janssen.
 - Cost of providing services and sales of goods was \$0.9 million and zero for the three months ended March 31, 2023 and 2022, respectively. The increase in cost was due to the cost of the initial supply delivery to Seagen and related stability studies.
 - Research and development expenses were \$9.9 million for the quarter ended March 31, 2023, compared to \$7.5 million for the quarter ended March 31, 2022. The higher quarterly expense was primarily due to manufacturing scale-up costs and increased research and development headcount.
 - General and administrative expenses were \$3.9 million for the quarter ended March 31, 2023, compared to \$4.2 million for the quarter ended March 31, 2022. The decrease for the quarter was primarily due to a reduction in general and administrative headcount.
 - Net losses were \$13.9 million and \$9.8 million, or \$0.53 and \$0.38 loss per share, for the quarters ended March 31, 2023 and 2022, respectively
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LAVA Therapeutics N.V.
Condensed Consolidated Statements of Loss and Comprehensive Loss
(unaudited)
(in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2023	2022
Revenue from contracts with customers	\$ 1,224	\$ 1,022
Cost of providing services	(745)	—
Cost of sales of goods	(185)	—
Gross profit	294	1,022
Operating expenses:		
Research and development	(9,943)	(7,497)
General and administrative	(3,890)	(4,237)
Total operating expenses	(13,833)	(11,734)
Operating loss	(13,539)	(10,712)
Interest income (expense), net	617	(164)
Foreign currency exchange (loss) gain, net	(947)	1,112
Total non-operating (loss) income	(330)	948
Loss before income tax	(13,869)	(9,764)
Income tax expense	(71)	(59)
Loss for the period	\$ (13,940)	\$ (9,823)
Items that may be reclassified to profit or loss		
Foreign currency translation adjustment	1,546	(2,203)
Total comprehensive loss	\$ (12,394)	\$ (12,026)
Loss per share:		
Loss per share, basic and diluted	\$ (0.53)	\$ (0.38)
Weighted-average common shares outstanding, basic and diluted	26,289,087	25,775,538

LAVA Therapeutics N.V.
Condensed Consolidated Statements of Financial Position (unaudited)
(in thousands)

	March 31,	December 31,
	2023	2022
Assets		
Non-current assets:		
Property and equipment, net	\$ 1,836	\$ 1,432
Right-of-use assets	1,850	651
Other non-current assets and security deposits	982	809
Total non-current assets	4,668	2,892
Current assets:		
Receivables and other	2,020	3,254
Prepaid expenses and other current assets	3,160	4,411
Investments	24,829	32,535
Cash and cash equivalents	100,604	100,333
Total current assets	130,613	140,533
Total assets	\$ 135,281	\$ 143,425
Equity and Liabilities		
Equity:		
Share capital	\$ 3,715	\$ 3,715
Equity-settled employee benefits reserve	10,572	8,942



Foreign currency translation reserve	(11,426)	(12,972)
Additional paid-in capital	194,424	194,424
Accumulated deficit	(122,009)	(108,069)
Total equity	75,276	86,040
Non-current liabilities:		
Deferred revenue	35,000	35,000
Lease liabilities	1,430	431
Total non-current liabilities	36,430	35,431
Current liabilities:		
Trade payables and other	3,117	3,965
VAT payable	50	45
Borrowings	4,853	4,640
Lease liabilities	699	379
License liabilities	4,829	4,732
Accrued expenses and other current liabilities	10,027	8,193
Total current liabilities	23,575	21,954
Total liabilities	60,005	57,385
Total equity and liabilities	\$ 135,281	\$ 143,425



About LAVA Therapeutics

LAVA Therapeutics N.V. is a clinical-stage immuno-oncology company focused on developing its proprietary Gammabody™ platform to develop a portfolio of bispecific gamma-delta T cell engagers for the potential treatment of solid and hematologic malignancies. The Company utilizes bispecific antibodies engineered to selectively kill cancer cells by triggering Vγ9Vδ2 (Vgamma9 Vdelta2) T cell antitumor effector functions upon cross-linking to tumor-associated antigens. A Phase 1/2a dose escalation clinical study to evaluate LAVA-1207 in patients with metastatic castration-resistant prostate cancer (mCRPC) is actively enrolling in Europe and the United States (NCT05369000). A Phase 1/2a dose escalation clinical study to evaluate LAVA-051, for the treatment of multiple myeloma, chronic lymphocytic leukemia and acute myeloid leukemia, is also enrolling patients in Europe and the United States (NCT04887259). The Company has a license agreement with Seagen for the development of SGN-EGFRd2 (LAVA-1223). For more information, please visit www.lavatherapeutics.com, and follow us on [LinkedIn](#), [Twitter](#) and [YouTube](#).

LAVA's Cautionary Note on Forward-Looking Statements

This press release contains forward-looking statements, including with respect to the Company's anticipated growth and clinical development plans including the timing and results of clinical trials. Words such as "anticipate," "believe," "could," "will," "may," "expect," "should," "plan," "intend," "estimate," "potential," "suggests" and similar expressions (as well as other words or expressions referencing future events, conditions or circumstances) are intended to identify forward-looking statements. These forward-looking statements are based on LAVA's expectations and assumptions as of the date of this press release and are subject to various risks and uncertainties that may cause actual results to differ materially from these forward-looking statements. Forward-looking statements contained in this press release include but are not limited to statements about the expected safety profile of LAVA's product candidates, preclinical data, clinical development and the scope of clinical trials, including the availability of data therefrom, our ability to expand our product pipeline, the timing of initiation of clinical trials, including expectations regarding regulatory filings, expectations regarding enrollment in clinical trials, the ability of low-dose interleukin-2 to increase the number of Vγ9Vδ2-T cells available for engagement by LAVA's product candidates, the potential use of the Company's product candidates to treat various tumor targets, any payments to us under our license agreements with third parties and the Company's expected cash runway. Many factors, risks and uncertainties may cause differences between current expectations and actual results including, among other things, the timing and results of LAVA's research and development programs and preclinical and clinical trials, the risk that results obtained in clinical trials to date may not be indicative of results obtained in ongoing or future trials, the Company's ability to obtain regulatory approval for and commercialize its product candidates, the Company's ability to leverage its initial programs to develop additional product candidates using our Gammabody™ platform, and the failure of LAVA's collaborators to support or advance collaborations or LAVA's product candidates. There may be adverse effects on the Company's business condition and results from general economic and market conditions and overall fluctuations in the United States and international equity markets, including as a result of inflation, rising interest rates, recent and potential future pandemics and other health crises, hostilities between Russia and Ukraine, and recent and potential future disruptions in access to bank deposits or lending commitments due to bank failures. These and other risks are described in greater detail under the caption "Risk Factors" and included in LAVA's filings with the Securities and Exchange Commission. LAVA assumes no obligation to update any forward-looking statements contained herein to reflect any change in expectations, even as new information becomes available.

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