

**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: 001-40522

Monte Rosa Therapeutics, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

84-3766197

(I.R.S. Employer
Identification No.)

321 Harrison Avenue, Suite 900

Boston, Massachusetts

(Address of principal executive offices)

02118

(Zip Code)

Registrant's telephone number, including area code: (617) 949-2643

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 \$0.0001 per share	GLUE	The Nasdaq Global Select Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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 4, 2024, the registrant had 61,436,740 shares of common stock, \$0.0001 per share, outstanding.

Special note regarding forward-looking statements

This Quarterly Report on Form 10-Q, or Quarterly Report, contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, or the or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical facts contained in this Quarterly Report are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may”, “will”, “should”, “expects”, “intends”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential”, “continue” or the negative of these terms or other comparable terminology. These statements are not guarantees of future results or performance and involve substantial risks and uncertainties. Forward-looking statements in this Quarterly Report include, but are not limited to, statements about:

- the initiation, timing, progress, results, costs, and any expectations and/or predictions of success of our current and future research and development programs and preclinical studies, including our expectations for our molecular glue degraders, or MGDs, molecules, including our GSPT1-directed MGD MRT-2359, VAV1-directed MGD MRT-6160 and NEK7-directed MGD, MRT-8102;
- the initiation, timing, progress, results, costs, and any expectations and/or predictions of success of our current and any future clinical trials, including statements regarding the nature of or the timing for when any results of any clinical trials will become available;
- our ability to continue to develop our proprietary platform, called QuEEN™, and to expand our proteomics and translational medicine capabilities;
- the potential advantages of our platform technology and product candidates;
- the extent to which our scientific approach and platform technology may target proteins that have been considered undruggable or inadequately drugged;
- our plans to submit Investigational New Drug, or IND applications to the U.S. Food and Drug Administration, or the FDA for current and future product candidates;
- the potential benefits of strategic collaborations and our ability to enter into strategic collaborations with third parties who have the expertise to enable us to further develop our biological targets, product candidates and platform technologies, including our agreement with Novartis AG, or Novartis, for MRT-6160;
- our ability to obtain and maintain regulatory approval of our product candidates;
- our ability to maintain and expand, including through third-party vendors, our library of MGDs;
- our ability to manufacture, including through third-party manufacturers, our product candidates for preclinical use, future clinical trials and commercial use, if approved;
- our ability to commercialize our product candidates, including our ability to establish sales, marketing and distribution capabilities for our product candidates;
- the rate and degree of market acceptance of our product candidates;
- the size and growth potential of the markets for our product candidates, and our ability to serve those markets;
- our ability to establish and maintain intellectual property rights covering our current and future product candidates and technologies;
- the implementation of our business model and strategic plans for our business, product candidates, and technology;
- estimates of our future expenses, revenues, capital requirements, and our needs for additional financing;
- our expected use of proceeds from sales of our common stock in "at-the-market" offerings and other offerings, and the period over which such proceeds, together with existing cash, will be sufficient to meet our operating needs;
- our ability to obtain funding for our operations necessary to complete further development and commercialization of our product candidates;
- our financial performance;
- developments in laws and regulations in the United States, or the U.S., and foreign countries;
- the success of competing therapies that are or may become available;

- our ability to attract and retain key scientific or management personnel;
- the effect of global economic uncertainty and financial market volatility caused by economic effects of rising inflation and interest rates, global health crises, geopolitical events, elections, changes in international trade relationships and military conflicts on any of the foregoing or other aspects of our business or operations; and
- other risks and uncertainties, including those listed under the section entitled "Risk factors" and those included in "Part 1, Item 1A, Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, or our 2023 Annual Report, filed with the Securities and Exchange Commission, or the SEC, on March 14, 2024.

Any forward-looking statements in this Quarterly Report reflect our current views with respect to future events and with respect to our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those described under Part II, Item 1A, "Risk Factors" and elsewhere in this Quarterly Report. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

All of our forward-looking statements are as of the date of this Quarterly Report only. In each case, actual results may differ materially from such forward-looking information. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of or any material adverse change in one or more of the risk factors or risks and uncertainties referred to in this Quarterly Report or included in our other public disclosures or our other periodic reports or other documents or filings filed with or furnished to the SEC could materially and adversely affect our business, prospects, financial condition and results of operations. Except as required by law, we do not undertake or plan to update or revise any such forward-looking statements to reflect actual results, changes in plans, assumptions, estimates or projections or other circumstances affecting such forward-looking statements occurring after the date of this Quarterly Report, even if new information becomes available in the future or if such results, changes or circumstances make it clear that any forward-looking information will not be realized. Any public statements or disclosures by us following this Quarterly Report that modify or impact any of the forward-looking statements contained in this Quarterly Report will be deemed to modify or supersede such statements in this Quarterly Report.

We may from time to time provide estimates, projections and other information concerning our industry, the general business environment, and the markets for certain diseases, including estimates regarding the potential size of those markets and the estimated incidence and prevalence of certain medical conditions. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties, and actual events, circumstances or numbers, including actual disease prevalence rates and market size, may differ materially from the information reflected in this Quarterly Report. Unless otherwise expressly stated, we obtained this industry, business information, market data, prevalence information and other data from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data, and similar sources, in some cases applying our own assumptions and analysis that may, in the future, prove not to have been accurate.

TRADEMARKS

Solely for convenience, our trademarks and trade names in this report are sometimes referred to without the ® and ™ symbols, but such references should not be construed as any indicator that we will not assert, to the fullest extent under applicable law, our rights thereto.

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Part I – Financial Information

Item 1. Financial Statements

Monte Rosa Therapeutics, Inc.

Condensed consolidated balance sheets (unaudited)

(in thousands, except share and per share amounts) (unaudited)	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 125,575	\$ 128,101
Marketable securities	116,611	104,312
Other receivables	595	505
Prepaid expenses and other current assets	8,426	3,294
Total current assets	251,207	236,212
Property and equipment, net	31,442	33,803
Operating lease right-of-use assets	27,364	28,808
Restricted cash	4,908	4,580
Other long-term assets	159	352
Total assets	\$ 315,080	\$ 303,755
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 3,978	\$ 11,152
Accrued expenses and other current liabilities	15,099	14,600
Current deferred revenue	18,918	17,678
Current portion of operating lease liability	3,646	3,162
Total current liabilities	41,641	46,592
Deferred revenue, net of current	25,107	32,323
Defined benefit plan liability	2,823	2,713
Operating lease liability, net of current	40,052	42,877
Total liabilities	109,623	124,505
Commitments and contingencies (Note 8)		
Stockholders' equity		
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized	—	—
Common stock, \$0.0001 par value; 500,000,000 shares authorized, 61,378,108 shares issued and 61,377,484 shares outstanding as of September 30, 2024; and 50,154,929 shares issued and 50,140,233 shares outstanding as of December 31, 2023	6	5
Additional paid-in capital	659,798	547,857
Accumulated other comprehensive loss	(2,322)	(2,724)
Accumulated deficit	(452,025)	(365,888)
Total stockholders' equity	205,457	179,250
Total liabilities and stockholders' equity	\$ 315,080	\$ 303,755

See accompanying notes to the condensed consolidated financial statements.

Monte Rosa Therapeutics, Inc.

Condensed consolidated statements of operations and comprehensive loss (unaudited)

(in thousands, except share and per share amounts) (unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Collaboration revenue	\$ 9,216	\$ —	\$ 14,975	\$ —
Operating expenses:				
Research and development	27,616	28,306	82,697	84,137
General and administrative	8,127	8,662	26,394	24,311
Total operating expenses	35,743	36,968	109,091	108,448
Loss from operations	(26,527)	(36,968)	(94,116)	(108,448)
Other income (expense):				
Interest income	2,892	2,227	7,971	6,966
Foreign currency exchange gain (loss), net	(153)	27	414	(151)
Gain on disposal of fixed assets	—	—	—	24
Loss on sale of marketable securities	—	—	—	(131)
Total other income	2,739	2,254	8,385	6,708
Net loss before income taxes	(23,788)	(34,714)	(85,731)	(101,740)
Provision for income taxes	(71)	(170)	(406)	(360)
Net loss	\$ (23,859)	\$ (34,884)	\$ (86,137)	\$ (102,100)
Net loss per share—basic and diluted	\$ (0.29)	\$ (0.70)	\$ (1.21)	\$ (2.06)
Weighted-average number of shares outstanding used in computing net loss per common share—basic and diluted	82,011,670	49,814,903	71,173,647	49,533,143
Comprehensive loss:				
Net loss	\$ (23,859)	\$ (34,884)	\$ (86,137)	\$ (102,100)
Other comprehensive income:				
Provision for pension benefit obligation	37	14	107	42
Unrealized gain on available-for-sale securities	311	171	295	255
Comprehensive loss	\$ (23,511)	\$ (34,699)	\$ (85,735)	\$ (101,803)

See accompanying notes to the condensed consolidated financial statements.

Monte Rosa Therapeutics, Inc.

Condensed consolidated statements of stockholders' equity (unaudited)

(in thousands, except share amounts) (unaudited)	Common stock			Additional paid-in capital	Accumulate d other comprehens ive loss	Accumulate d deficit	Total Stockholder s' equity
	Shares	Amount					
Balance—January 1, 2024	50,140,233	\$ 5	\$ 547,857	\$ (2,724)	\$ (365,888)	\$ 179,250	
Restricted common stock vesting	4,691	—	—	—	—	—	
Exercise of common stock options	45,108	—	246	—	—	246	
Provision for pension benefit obligation	—	—	—	35	—	35	
Stock-based compensation expense	—	—	4,873	—	—	4,873	
Unrealized loss on available-for-sale securities	—	—	—	(4)	—	(4)	
Issuance of common stock pursuant to the at-the-market sales agreement	10,272	—	87	—	—	87	
Net Loss	—	—	—	—	(31,968)	(31,968)	
Balance—March 31, 2024	50,200,304	\$ 5	\$ 553,063	\$ (2,693)	\$ (397,856)	\$ 152,519	
Restricted common stock vesting	85,249	—	—	—	—	—	
Exercise of common stock options	190,160	—	422	—	—	422	
Provision for pension benefit obligation	—	—	—	35	—	35	
Stock-based compensation expense	—	—	4,502	—	—	4,502	
Unrealized loss on available-for-sale securities	—	—	—	(12)	—	(12)	
Issuance of shares under employee stock purchase plan	93,859	—	298	—	—	298	
Issuance of common stock pursuant to the at-the-market sales agreement, net of issuance costs of \$89	120,234	—	797	—	—	797	
Issuance of common stock pursuant to the Underwritten Public Offering, net of issuance costs of \$3,290	10,638,476	1	46,709	—	—	46,710	
Issuance of pre-funded warrant, net of issuance costs of \$290	—	—	49,710	—	—	49,710	
Net Loss	—	—	—	—	(30,310)	(30,310)	
Balance—June 30, 2024	61,328,282	\$ 6	\$ 655,501	\$ (2,670)	\$ (428,166)	\$ 224,671	
Restricted common stock vesting	46,166	—	—	—	—	—	
Exercise of common stock options	3,036	—	15	—	—	15	
Provision for pension benefit obligation	—	—	—	37	—	37	
Stock-based compensation expense	—	—	4,282	—	—	4,282	
Unrealized gain on available-for-sale securities	—	—	—	311	—	311	
Net Loss	—	—	—	—	(23,859)	(23,859)	
Balance—September 30, 2024	61,377,484	\$ 6	\$ 659,798	\$ (2,322)	\$ (452,025)	\$ 205,457	

See accompanying notes to the condensed consolidated financial statements

Monte Rosa Therapeutics, Inc.
Condensed consolidated statements of stockholders' equity (unaudited)
- Continued

(in thousands, except share amounts) (unaudited)	Common stock			Accumulat ed other comprehen sive loss	Accumulat ed deficit	Total Stockholde rs' equity
	Shares	Amount	Additional paid-in capital			
Balance—January 1, 2023	49,323,531	\$ 5	\$ 503,696	\$ (1,752)	\$ (230,536)	\$ 271,413
Restricted common stock vesting	33,192	—	—	—	—	—
Exercise of common stock options	4,261	—	18	—	—	18
Provision for pension benefit obligation	—	—	—	14	—	14
Stock-based compensation expense	—	—	3,974	—	—	3,974
Unrealized gain on available-for-sale securities	—	—	—	345	—	345
Net Loss	—	—	—	—	(32,038)	(32,038)
Balance—March 31, 2023	49,360,984	\$ 5	\$ 507,688	\$ (1,393)	\$ (262,574)	\$ 243,726
Restricted common stock vesting	32,185	—	—	—	—	—
Exercise of common stock options	147,333	—	897	—	—	897
Provision for pension benefit obligation	—	—	—	14	—	14
Stock-based compensation expense	—	—	4,153	—	—	4,153
Unrealized loss on available-for-sale securities	—	—	—	(261)	—	(261)
Issuance of shares under employee stock purchase plan	51,977	—	303	—	—	303
Net Loss	—	—	—	—	(35,178)	(35,178)
Balance—June 30, 2023	49,592,479	\$ 5	\$ 513,041	\$ (1,640)	\$ (297,752)	\$ 213,654
Restricted common stock vesting	75,287	—	—	—	—	—
Exercise of common stock options	397,914	—	1,101	—	—	1,101
Provision for pension benefit obligation	—	—	—	14	—	14
Stock-based compensation expense	—	—	4,468	—	—	4,468
Unrealized loss on available-for-sale securities	—	—	—	171	—	171
Net Loss	—	—	—	—	(34,884)	(34,884)
Balance—September 30, 2023	50,065,680	\$ 5	\$ 518,610	\$ (1,455)	\$ (332,636)	\$ 184,524

See accompanying notes to the condensed consolidated financial statements

Monte Rosa Therapeutics, Inc.

Condensed consolidated statements of cash flows (unaudited)

(in thousands) (unaudited)	Nine months ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (86,137)	\$ (102,100)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock-based compensation expense	13,657	12,595
Depreciation	6,060	4,376
Net accretion of discounts/premiums on marketable securities	(2,252)	(3,177)
Loss on sale of marketable securities	—	131
Gain on disposal of property and equipment	—	(24)
Changes in operating assets and liabilities		
Other receivables	(90)	2,233
Prepaid expenses and other current assets	(4,940)	312
Accounts payable	(7,056)	(10)
Accrued expenses and other current liabilities	487	2,268
Defined benefit plan liability	217	(39)
Right-of-use assets and operating lease liabilities	(897)	9,999
Deferred revenue	(5,975)	—
Net cash used in operating activities	\$ (86,926)	\$ (73,436)
Cash flows from investing activities:		
Purchases of property and equipment	(3,805)	(17,352)
Proceeds from the sale of property and equipment	—	62
Purchases of marketable securities	(162,400)	(75,637)
Proceeds from sale of marketable securities	—	45,631
Proceeds from maturities of marketable securities	152,649	121,800
Net cash provided by (used in) investing activities	\$ (13,556)	\$ 74,504
Cash flows from financing activities:		
Proceeds from sale of common stock pursuant to the at-the-market sales agreement, net of underwriter's discount of \$29	944	—
Proceeds from underwritten public offering cost, net of underwriter's discount of \$3,000	47,001	—
Proceeds from the issuance of pre-funded warrants	50,000	—
Payment of common stock and pre-funded warrant issuance costs	(641)	—
Proceeds from exercise of employee stock options	682	2,016
Proceeds from employee stock purchase plan	298	303
Net cash provided by financing activities	\$ 98,284	\$ 2,319
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ (2,198)	\$ 3,387
Cash, cash equivalents and restricted cash—beginning of period	132,681	60,190
Cash, cash equivalents and restricted cash—end of period	\$ 130,483	\$ 63,577
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$ 125,575	\$ 59,055
Restricted cash	4,908	4,522
Total cash, cash equivalents and restricted cash	\$ 130,483	\$ 63,577
Supplemental disclosure of noncash items		
Reduction of right-of-use assets for lease incentives receivable	\$ —	\$ 5,128
Purchases of property and equipment in accounts payable and accrued expenses	\$ 131	\$ 1,270

See accompanying notes to the condensed consolidated financial statements.

Monte Rosa Therapeutics, Inc.

Notes to the condensed consolidated financial statements

(unaudited)

1. Description of business and liquidity

Business

Monte Rosa Therapeutics, Inc. is a biotechnology company developing a portfolio of novel small molecule precision medicines that employ the body's natural mechanisms to selectively degrade therapeutically-relevant proteins. As used in these condensed consolidated financial statements, unless the context otherwise requires, references to the Company or Monte Rosa refer to Monte Rosa Therapeutics, Inc. and its wholly owned subsidiaries Monte Rosa Therapeutics AG, or Monte Rosa AG, and Monte Rosa Therapeutics Securities Corp. Monte Rosa Therapeutics AG, a Swiss operating company, was incorporated under the laws of Switzerland in April 2018. Monte Rosa Therapeutics, Inc. was incorporated in Delaware in November 2019. The Company is headquartered in Boston, Massachusetts with research operations in both Boston and Basel, Switzerland.

Liquidity considerations

Since inception, the Company has devoted substantially all its efforts to business planning, research and development, recruiting management and technical staff, and raising capital and has financed its operations primarily through issuance and sale of convertible promissory notes, convertible preferred stock, public offerings of common stock, registered direct offerings, and through a collaboration with Roche.

The Company's continued discovery and development of its product candidates will require significant additional research and development efforts, including extensive preclinical and clinical testing and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel and infrastructure and extensive compliance-reporting capabilities. Even if product development efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales.

As of September 30, 2024, the Company had an accumulated deficit of \$452.0 million. The Company has incurred losses and negative cash flows from operations since inception, including net losses of \$86.1 million and \$102.1 million for the nine months ended September 30, 2024 and 2023, respectively. The Company expects that its operating losses and negative cash flows will continue for the foreseeable future as the Company continues to develop its product candidates. The Company currently expects that its cash, cash equivalents, and marketable securities of \$242.2 million as of September 30, 2024 will be sufficient to fund operating expenses and capital requirements for at least 12 months from the date the third quarter interim condensed consolidated financial statements are issued. However, additional funding will be necessary to fund future discovery research, pre-clinical and clinical activities. The Company will seek additional funding through public financings, debt financings, collaboration agreements, strategic alliances and licensing arrangements. Although it has been successful in raising capital in the past, there is no assurance that the Company will be successful in obtaining such additional financing on terms acceptable to it, if at all, and the Company may not be able to enter into collaborations or other arrangements. If the Company is unable to obtain funding, it could be forced to delay, reduce or eliminate its research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect the Company's business prospects, even the ability to continue operations.

2. Summary of significant accounting policies

Basis of presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the U.S., or GAAP, and are stated in U.S. dollars. Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification and Accounting Standards Updates, or ASUs, of the Financial Accounting Standards Board, or FASB. All intercompany balances and transactions have been eliminated in consolidation.

Unaudited Financial Information

The Company's condensed consolidated financial statements included herein have been prepared in conformity with GAAP and pursuant to the rules and regulations of the Securities and Exchange Commission, or the SEC. In the Company's opinion, the information furnished reflects all adjustments, all of which are of a normal and recurring nature, necessary for a fair presentation of the financial position and results of operations for the reported interim periods. The Company considers events or transactions that occur after the balance sheet date but before the financial statements are

issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year or any other interim period.

Recently issued accounting pronouncements

The Company has elected to use the extended transition period for complying with new or revised accounting standards as available under the Jumpstart Our Business Startups Act, or the JOBS Act.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which is intended to provide enhanced segment disclosures. The standard will require disclosures about significant segment expenses and other segment items and identifying the Chief Operating Decision Maker and how they use the reported segment profitability measures to assess segment performance and allocate resources. These enhanced disclosures are required for all entities on an interim and annual basis, even if they have only a single reportable segment. The standard is effective for years beginning after December 15, 2023, and interim periods within annual periods beginning after December 15, 2024 and early adoption is permitted. The Company is currently in the process of evaluating the impact of this pronouncement on our related disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which is intended to provide enhancements to annual income tax disclosures. The standard will require more detailed information in the rate reconciliation table and for income taxes paid, among other enhancements. The standard is effective for years beginning after December 15, 2024 and early adoption is permitted. The impact of the adoption of this standard will be immaterial to the accompanying condensed consolidated financial statements.

3. Fair value measurements

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

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
Current assets				
Money market funds	\$ 125,006	\$ —	\$ —	\$ 125,006
Pension plan assets	—	9,552	—	9,552
Corporate debt securities	—	57,386	—	57,386
U.S Treasury securities	—	59,225	—	59,225
Total assets measured at fair value	\$ 125,006	\$ 126,163	\$ —	\$ 251,169

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Current assets				
Money market funds	\$ 122,791	\$ —	\$ —	\$ 122,791
Pension plan assets	—	9,317	—	9,317
Corporate debt securities	—	79,816	—	79,816
U.S Treasury securities	—	24,496	—	24,496
Total assets measured at fair value	\$ 122,791	\$ 113,629	\$ —	\$ 236,420

Money market funds are highly liquid investments and are actively traded. The pricing information on the Company's money market funds are based on quoted prices in active markets for identical securities. This approach results in the classification of these securities as Level 1 of the fair value hierarchy.

The fair value of pension plan assets has been determined as the surrender value of the portfolio of active insured members held within the Columna Collective Foundation Group investment fund and are classified within Level 2 of the fair value hierarchy.

Marketable securities consist of corporate debt securities and U.S. Treasury securities which are classified as available-for-sale pursuant to ASC 320, *Investments—Debt and Equity Securities*. Marketable securities are classified within Level 2 of the fair value hierarchy because pricing inputs are other than quoted prices in active markets. The fair values of these investments are estimated by taking into consideration valuations obtained from third-party pricing services. The pricing services utilize industry standard valuation models, including both income- and market-based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. These inputs include reported trades of and broker/dealer quotes on the same or similar securities, issuer credit spreads, benchmark securities based on historical data and other observable inputs.

There were no transfers among Level 1, Level 2 or Level 3 categories in the nine months ended September 30, 2024 and 2023.

4. Marketable Securities

Marketable securities as of September 30, 2024 consisted of the following (in thousands):

Description	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Corporate debt securities	\$ 57,252	\$ 134	\$ —	57,386
U.S Treasury securities	59,116	109	—	59,225
Total	\$ 116,368	\$ 243	\$ —	\$ 116,611

Marketable securities as of December 31, 2023 consisted of the following (in thousands):

Description	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Corporate debt securities	\$ 79,870	\$ 4	\$ (58)	79,816
U.S Treasury securities	24,495	11	(10)	24,496
Total	\$ 104,365	\$ 15	\$ (68)	\$ 104,312

As of September 30, 2024 there were no individual securities in an unrealized loss position. The Company holds debt securities of companies with high credit quality and has determined that there was no material change in the credit risk of any of its debt securities. The Company also believes that it will be able to collect both principal and interest amounts due to it at maturity.

5. Property and Equipment, net

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

	September 30, 2024	December 31, 2023
Laboratory equipment	\$ 25,017	\$ 22,079
Computer hardware and software	1,192	1,052
Furniture and fixtures	1,099	1,099
Leasehold improvements	22,312	20,893
Construction in process	126	924
Total property and equipment, at cost	\$ 49,746	\$ 46,047
Less: accumulated depreciation	(18,304)	(12,244)
Property and equipment, net	\$ 31,442	\$ 33,803

The following table summarizes depreciation expense incurred (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Depreciation expense	\$ 2,103	\$ 1,834	\$ 6,060	\$ 4,376

6. Accrued expenses and other current liabilities

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

	September 30, 2024	December 31, 2023
Compensation and benefits	\$ 6,703	\$ 7,593
Accrued research and development	7,093	5,336
Other	1,303	1,671
Total other current liabilities	\$ 15,099	\$ 14,600

7. Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use, or ROU, assets and operating lease liabilities in the condensed consolidated balance sheets. The Company has no finance leases as of September 30, 2024.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, management estimated the incremental borrowing rate based on the rate of interest the Company would have to pay to borrow a similar amount on a collateralized basis over a similar term. The Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

Klybeckstrasse Lease

In March 2021, the Company entered into an operating lease agreement for office and lab space with Wincasa AG, or the landlord, that occupies approximately 21,422 square feet located at Klybeckstrasse 191, 4057 Basel, Basel-City, Switzerland. In April 2023, the Company and the Landlord amended the Klybeckstrasse Lease which increased the office and lab space square footage from 21,422 square feet to 44,685 square feet and extended the term of the lease through June 30, 2027. The amendment was accounted for as a lease modification and resulted in an increases to the related ROU asset and operating lease liability of \$1.8 million.

Harrison Avenue Lease

In December 2021, the Company entered into a non-cancelable lease agreement for 63,327 square feet of office and laboratory space to support its expanding operations, or the Harrison Avenue Lease. The term of the lease commenced on April 1, 2022 and the Company's obligation to pay rent began on December 21, 2022. The initial term of the lease is 128 months following the commencement date at which point the Company has the option to extend the lease an additional 5 years. As of the lease commencement date, the Company has determined that it is not reasonably certain to exercise the option to extend the lease and has not included the extension period in the lease term. The annual base rent under the Harrison Avenue Lease is \$95.00 per square foot for the first year, which is subject to scheduled annual increases of 3%, plus certain costs, operating expenses and property management fees.

Pursuant to the terms of the Harrison Avenue Lease, the landlord reimbursed the Company for \$13 million of tenant improvements. The Company reduced the related ROU asset by the amounts reimbursed by the landlord and capitalized the leasehold improvements as fixed assets on the consolidated balance sheet.

The components of lease expense for the three and nine months ended September 30, 2024 are as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Operating lease expense	\$ 1,611	\$ 1,569	\$ 4,860	\$ 5,552
Variable lease expense	912	572	3,043	1,700
Total lease expense	\$ 2,523	\$ 2,141	\$ 7,903	\$ 7,252

The variable lease expenses generally include common area maintenance and property taxes.

The following table summarizes lease expense incurred (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Research and development	\$ 2,099	\$ 1,977	\$ 6,596	\$ 6,234
General and administrative	422	350	1,306	1,204
Total lease expense	\$ 2,521	\$ 2,327	\$ 7,902	\$ 7,438

Short-term lease costs for the nine months ended September 30, 2024 and 2023 were immaterial.

The weighted average remaining lease term and discount rate related to the Company's leases are as follows:

	September 30, 2024	December 31, 2023
Weighted average remaining lease term (years)	7.9	8.6
Weighted average discount rate	9.8 %	9.8 %

Supplemental cash flow information relating to the Company's leases for the nine months ended September 30, 2024 are as follows (in thousands):

	Nine months ended September 30,	
	2024	2023
Right-of-use assets obtained in exchange for operating lease obligations	\$ 108	\$ 1,871
Cash paid for amounts included in the measurement of lease liabilities	\$ 2,325	\$ 2,382

The amortization of the ROU assets for the nine months ended September 30, 2024 and 2023 was \$1.6 million and \$2.0 million, respectively.

Future minimum lease payments under non-cancelable leases as of September 30, 2024 for each of the years ending December 31 are as follows (in thousands):

Undiscounted lease payments	
2024	\$ 1,891
2025	7,746
2026	7,943
2027	7,651
2028	7,356
Thereafter	31,010
Total undiscounted minimum lease payments	63,597
Less: Imputed interest	(19,899)
Total operating lease liability	\$ 43,698

8. Commitments and contingencies

Legal Proceedings

From time to time, the Company may be subject to legal proceedings, claims and disputes that arise in the ordinary course of business. The Company accrues a liability for such matters when it is probable that future expenditures will be made and that such expenditures can be reasonably estimated. As of September 30, 2024, the Company is not a party to any litigation and does not have a contingency reserve established for any litigation liabilities.

9. Collaboration and license agreements

Roche Collaboration and License Agreement

Description

In October 2023, Monte Rosa Therapeutics AG, a wholly-owned subsidiary of Monte Rosa Therapeutics, Inc, or the Company, entered into a collaboration and license agreement, or the Roche Agreement, with F. Hoffman-La Roche Ltd. and Hoffman-La Roche Inc., or Roche. Pursuant to the agreement, the parties will seek to identify and develop molecular glue degraders, or MGDs, against cancer or neurological disease targets using the Company's proprietary drug discovery platform for an initial set of targets in oncology and neuroscience selected by Roche, with Roche having an option to expand the collaboration to include additional option targets, wherein a certain number of targets selected by Roche are subject to replacement rights owned by Roche. The Company will lead pre-clinical discovery and research activities with Roche leading late pre-clinical and clinical development activities.

Under the Roche Agreement, Roche will have a worldwide, exclusive license under patents and know-how controlled by the Company to develop and commercialize products directed to applicable targets. The license exclusivity is subject to the Company's retained rights solely to fulfill its obligations under the arrangement.

The research collaboration activities governed by the Roche Agreement will be overseen by a joint research committee.

Unless earlier terminated, the Roche Agreement will remain in effect for each product licensed under the Agreement until expiration of the royalty term for the applicable product. The parties have included termination provisions in the Roche Agreement, allowing termination of the Roche Agreement in its entirety, on a country-by-country or a target-by-target basis.

Pricing

In November 2023, the Company received a \$50.0 million non-refundable upfront payment for the initial set of targets. Pursuant to the terms of the Roche Agreement, the Company expects to be entitled to receive from Roche certain variable consideration including potential pre-clinical milestones up to \$172 million, and potential clinical, commercial and sales milestones exceeding \$2 billion. For the additional option targets, upon Roche's exercise of their option, the Company is entitled to receive an upfront payment of up to \$28 million and potential pre-clinical, clinical, commercial and sales milestones exceeding \$1 billion. The Company is also eligible to receive tiered royalties ranging from high-single-digits to low-teens on any products that are commercialized by Roche as a result of the collaboration.

As of September 30, 2024, the Company has received \$9.0 million related to Roche's decision to exercise its option rights for continued research and development services. The related payments are initially classified as deferred revenue in the accompanying condensed consolidated balance sheet and recognized in revenue as the related research and development services are performed.

Accounting

This agreement represents a transaction with a customer and therefore is accounted for under ASC 606 *Revenue From Contracts With Customers*.

The Company determined that the development and commercialization licenses for each of the collaboration targets is neither capable of being distinct nor distinct within the context from the promised initial research services. In addition, the Company has determined that each target in the agreement is distinct from other targets because: (i) Roche can benefit from the license and research services for a given target on their own since the results related thereto can be evaluated discretely and (ii) the results of the research and development of each target does not affect either the Company's ability to perform or Roche's ability to assess the results for any other target. As such, the Company has identified certain performance obligations within the agreement as follows:

- Performance obligations for the research and development of initial targets
- Performance obligations for the research and development services related to Roche's option to replace certain targets

The total transaction price of the Roche Agreement is allocated to the performance obligations based on their relative standalone selling price. The Company developed the standalone selling price for the performance obligations included in the Roche Agreement by determining the total estimated costs to fulfill each performance obligation identified with the objective of determining the price at which it would sell such an item if it were to be sold regularly on a standalone basis. The allocated transaction price is recognized as revenue from collaboration agreements in one of two ways:

- **Research and development of the initial targets:** The Company recognizes the portion of the transaction price allocated to each of the research and development performance obligations as the research and development services are provided, using an input method, in proportion to costs incurred to date for each research development target as compared to total costs incurred and expected to be incurred in the future to satisfy the underlying obligation related to said research and development target. The transfer of control occurs over this period and, in management's judgment, is the best measure of progress towards satisfying the performance obligation.
- **Option rights:** The transaction price allocated to the options rights, which are considered material rights, is deferred until the period that Roche elects to exercise or elects to not exercise its option right to license and commercialize the underlying research and development target. Upon Roche's exercise of an option right, the Company will recognize the portion of the transaction price allocated using the input method described above. Any payments made to exercise option rights will be added to the allocated value and recognized as the related services are performed.

As of September 30, 2024, \$15.0 million has been recognized as collaboration revenue in the condensed consolidated statements of operations and comprehensive loss and the remaining \$44.0 million of the upfront payment and subsequent milestone payments related to customer options are recorded as deferred revenue in the liabilities section of the condensed consolidated balance sheets.

10. Equity

Undesignated Preferred Stock

The Company had 10,000,000 shares authorized of undesignated preferred stock, par value of \$0.0001, of which no shares were issued and outstanding as of September 30, 2024.

Common Stock

The Company had 500,000,000 shares of common stock authorized, of which 61,378,108 shares were issued and 61,377,484 shares were outstanding as of September 30, 2024.

Additionally, the Company has issued pre-funded warrants to purchase 20,638,924 shares of the Company's common stock to an accredited investor. The pre-funded warrants are immediately exercisable at an exercise price of \$0.0001 per share. The Pre-Funded Warrants are exercisable at any time after the date of issuance. A holder of a Pre-Funded Warrant may not exercise such Pre-Funded Warrant if the holder, together with its affiliates, would beneficially own more than 4.99% (or, at the election of the holder, up to 19.99%) of the number of shares of the Company's common stock outstanding immediately after giving effect to such exercise. No pre-funded warrants have been exercised as of September 30, 2024.

The holders of common stock are entitled to dividends when and if declared by the board of directors, subject to the preferences applicable to any outstanding shares of preferred stock. The board of directors has not declared any dividends and the Company has not paid any dividends.

The holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders.

The Company has issued restricted stock to founders, employees and consultants, and expense for this restricted stock is recognized on a straight-line basis (see Note 11). The restricted stock generally vests monthly over 4 years.

As of September 30, 2024, and December 31, 2023, the Company has reserved the following shares of common stock for the vesting of restricted stock and exercise of stock options:

	September 30, 2024	December 31, 2023
Options to purchase common stock	11,591,425	9,394,930
Unvested restricted common stock awards	624	14,696
Unvested restricted common stock units	112,159	236,519
Pre-funded warrants	20,638,924	10,000,400
	32,343,132	19,646,545

At-the-Market Offering

In July 2022, the Company entered into a sales agreement, or the Sales Agreement, with Jefferies LLC, or Jefferies, pursuant to which the Company may offer and sell shares of its common stock having aggregate gross proceeds of up to \$100 million from time to time in "at-the-market" offerings through Jefferies, as the Company's sales agent. The Company agreed to pay Jefferies a commission of up to 3.0% of the gross proceeds of any shares sold by Jefferies under the Sales Agreement. During the nine months ended September 30, 2024, the Company sold 130,506 shares of common stock under the Sales Agreement for aggregate gross proceeds of \$1.0 million, or aggregate net proceeds of \$0.9 million after deducting sales agent discounts, commissions, and other offering costs. During the nine months ended September 30, 2023, the Company did not sell shares of its common stock under the Sales Agreement.

Underwritten Public Offering

In May 2024, the Company entered into an underwriting agreement with TD Securities (USA) LLC, as representative of the several underwriters, related to an underwritten public offering, or the Offering, of 10,638,476 shares of common stock at a price of \$4.70 per share, and, in lieu of Common Stock to certain investors, pre-funded warrants to purchase 10,638,524 shares of Common Stock at a price of \$4.6999 per pre-funded warrant, which represents the price per share at which shares of Common Stock were sold in this Offering, minus \$0.0001, which is the exercise price of each pre-funded warrant. The pre-funded warrants are immediately exercisable and may be exercised at any time until the pre-funded warrants are exercised in full. Aggregate gross proceeds from the Offering were \$100 million, or aggregate net proceeds of \$96.4 million after deducting the underwriter discounts, commissions, and other offering costs.

Registered Direct Offering

In October 2023, the Company sold in a registered direct offering pursuant to a securities purchase agreement pre-funded warrants to purchase 10,000,400 shares of the Company's common stock to an accredited investor at a purchase price of \$2.4999 per pre-funded warrant for aggregate gross proceeds of \$25.0 million. The pre-funded warrants are immediately exercisable at an exercise price of \$0.0001 per share.

11. Stock-based compensation

2020 Stock incentive plan

The Company's 2020 Stock Option and Grant Plan, or the 2020 Plan, provided for the Company to grant stock options, restricted stock and other stock awards, to employees, non-employee directors, and consultants. Upon the effectiveness of the 2021 Plan (as defined below), no further issuances were made under the 2020 Plan.

2021 Stock incentive plan

The Company's 2021 Stock Option and Incentive Plan, or the 2021 Plan, was approved by the Company's board of directors on May 28, 2021 and the Company's stockholders on June 17, 2021 and became effective on the date immediately prior to the date on which the registration statement for the Company's IPO was declared effective. The 2021 Plan provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock units, restricted stock awards, unrestricted stock awards, cash-based awards and dividend equivalent rights to the Company's officers, employees, directors and consultants. The number of shares initially reserved for issuance under the 2021 Plan was 4,903,145. Under the evergreen provision of the 2021 Plan, the shares available for issuance under the 2021 Plan will be automatically increased each January 1st by 5% of the outstanding number of shares of the Company's common stock on the immediately preceding December 31st or such lesser number of shares as may be determined by the Company's compensation, nomination and corporate governance committee. Effective January 1, 2024 the number of shares available under the 2021 Plan automatically increased by 2,507,011 shares pursuant to the evergreen provision of the 2021 Plan. As of September 30, 2024, 3,289,766 shares were available for issuance under the 2021 Plan.

2021 Employee stock purchase plan

The Company's 2021 Employee Stock Purchase Plan, or the 2021 ESPP, was approved by the Company's board of directors on May 28, 2021 and the Company's stockholders on June 17, 2021 and became effective on the date immediately prior to the date on which the registration statement for the Company's IPO was declared effective. A total of 439,849 shares of the Company's common stock were initially reserved for issuance under the 2021 ESPP. The shares available for issuance under the 2021 ESPP will be automatically increased on each January 1st, through January 1, 2031, by the least of (i) 439,849 shares of the Company's common stock, (ii) 1% of the outstanding number of shares of the Company's common stock on the immediately preceding December 31st or (iii) such lesser number of shares of the Company's common stock as determined by the plan administrator of the 2021 ESPP. Effective January 1, 2024 the number of shares available under the 2021 ESPP automatically increased by 439,849 shares pursuant to the evergreen provision of the 2021 ESPP. As of September 30, 2024, 1,504,248 shares were available for issuance under the 2021 ESPP.

Stock option activity

The following summarizes stock option activity:

	Number of options	Weighted average exercise price	Weighted average remaining contractual term (years)	Aggregate intrinsic value (in thousands)
Outstanding—December 31, 2023	9,394,930	\$ 8.78	8.0	\$ 4,741
Granted	2,945,540	5.48	—	—
Exercised	(238,304)	2.86	—	—
Forfeited	(510,741)	7.99	—	—
Outstanding—September 30, 2024	11,591,425	\$ 8.10	7.8	\$ 4,122
Vested or expected to vest—September 30, 2024	11,591,425	\$ 8.10	7.8	\$ 4,122
Exercisable—September 30, 2024	5,871,488	\$ 8.98	7.0	\$ 3,190

The aggregate intrinsic value of options granted is calculated as the difference between the exercise price of the options and the estimated fair value of the Company's common stock.

Restricted stock award activity

Unvested restricted stock awards were granted to employees under the 2020 Plan. Restricted stock awards generally vest over a four year period provided the individual remains in continuous service of the Company.

The following summarizes restricted stock award activity:

	Number of shares	Weighted average grant date fair value
Unvested restricted stock awards as of December 31, 2023	14,696	\$ 2.19
Vested	(14,072)	\$ 2.19
Unvested restricted stock awards as of September 30, 2024	624	\$ 2.19

The aggregate fair value of restricted stock awards that vested during the nine months ended September 30, 2024 was \$0.1 million and \$0.2 million for the nine months ended September 30, 2023. The weighted average grant date fair value of restricted stock awards that vested during the nine months ended September 30, 2024 and 2023 was \$2.19 and \$0.75, respectively.

Restricted stock unit activity

Starting in 2022, the Company granted restricted stock units, or RSUs, to employees under the 2021 Plan. Each of the RSUs represents the right to receive one share of the Company's common stock upon vesting. The RSUs will vest over two years provided the individual remains in continuous service of the Company. Accordingly, stock-based compensation expense for each RSU is recognized on a straight-line basis over the vesting term. The fair value of each RSU is based on the closing price of the Company's common stock on the date of grant.

The following summarizes restricted stock unit activity:

	Number of shares	Weighted average grant date fair value
Unvested restricted stock units as of December 31, 2023	236,519	\$ 8.00
Granted	—	\$ —
Vested	(122,034)	\$ 8.42
Forfeited	(2,326)	\$ 7.55
Unvested restricted stock units as of September 30, 2024	112,159	\$ 7.55

The aggregate fair value of restricted stock units that vested during the nine months ended September 30, 2024 and 2023 was \$0.5 million and \$0.3 million, respectively. The weighted average grant date fair value of restricted stock units that vested during the nine months ended September 30, 2024 and 2023 was \$8.42 and \$10.11, respectively.

Stock-based compensation expense

Stock-based compensation expense is classified as follows (in thousands):

	Nine months ended September 30,	
	2024	2023
Research and development	\$ 7,928	\$ 6,729
General and administrative	5,729	5,866
Total stock-based compensation expense	\$ 13,657	\$ 12,595

As of September 30, 2024 total unrecognized stock-based compensation cost related to unvested stock options and restricted stock units was \$26.9 million and \$0.5 million, respectively. The Company expects to recognize this remaining cost over a weighted average period of 2.4 years and 0.7 years, respectively. Unrecognized stock based compensation expense related to restricted stock awards was immaterial as of September 30, 2024.

12. Income taxes

During each of the nine months ended September 30, 2024 and 2023, the Company recorded an income tax provision of \$0.4 million. The income tax provision is primarily related to interest income on marketable securities in Massachusetts and the US taxable income generated from the capitalization of research and development expenses.

The Company continues to maintain a full valuation allowance against all of its deferred tax assets. The Company has evaluated the positive and negative evidence involving its ability to realize our deferred tax assets. The Company has considered its history of cumulative net losses incurred since inception and its lack of any commercial products. The Company has concluded that it is more likely than not that it will not realize the benefits of its deferred tax assets. The Company reevaluates the positive and negative evidence at each reporting period.

13. Net loss per common share

Basic and diluted net loss per share is calculated based upon the weighted-average number of shares of common stock outstanding during the period. Shares of the Company's common stock underlying pre-funded warrants are included in the calculation of the basic and diluted earnings per share. Basic and diluted net loss per share are as follows (in thousands except share and per share amounts):

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net loss	\$ (23,859)	\$ (34,884)	\$ (86,137)	\$ (102,100)
Net loss per share attributable to common stockholders—basic and diluted	\$ (0.29)	\$ (0.70)	\$ (1.21)	\$ (2.06)
Weighted-average number of common shares used in computing net loss per share—basic and diluted	82,011,670	49,814,903	71,173,647	49,533,143

The following outstanding potentially dilutive securities have been excluded from the calculation of diluted net loss per common share, as their effect is anti-dilutive:

	September 30, 2024	September 30, 2023
Stock options to purchase common stock	11,591,425	9,489,119
Restricted common stock	624	19,487
Restricted stock units	112,159	250,265

14. Employee retirement plans

The Company, in compliance with Swiss Law, is contracted with the AXA Leben AG for the provision of pension benefits in a defined benefit plan. All benefits are organized in a semi-autonomous collective foundation within the framework of the contract with AXA. Insurance benefits due are paid directly to the entitled persons by AXA in the name of and for the account of the collective foundation. The pension plan is financed by contributions of both employees and employer. The contract between the Company and the collective foundation can be terminated by either side. In the event of a termination, the Company would have an obligation to find alternative pension arrangements for its employees. Because there is no guarantee that the employee pension arrangements would be continued under the same conditions, there is a risk, albeit remote, that a pension obligation may fall on the Company. The pension assets are pooled for all affiliated companies; the investment of assets is done by the governing bodies of the collective foundation.

The following table summarizes pension expense incurred (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Pension expense	\$ 279	\$ 251	\$ 822	\$ 702

In February 2021, the Company adopted a defined contribution plan intended to qualify under Section 401(k) of the Internal Revenue Code covering all eligible U.S. based employees of the Company. All employees are eligible to become participants of the plan immediately upon hire. Each active employee may elect, voluntarily, to contribute a percentage of their compensation to the plan each year, subject to certain limitations. The Company reserves the right, but is not obligated, to make additional contributions to this plan. The Company makes safe-harbor match contributions of 100% of the first 4% of each participant's eligible compensation. In January 2024, the Company adopted a defined contribution supplemental pension plan for eligible Swiss based employees defined by Swiss Law Art.1e BVV 2, or the 1e Plan. Employees earning above a defined threshold are eligible and automatically enrolled in the 1e Plan and required contributions are determined by age and salary under Swiss Law. The Company and the employee share the costs of the 1e Plan.

The following table summarizes defined contribution expenses incurred (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Defined contribution expense	\$ 164	\$ 99	\$ 701	\$ 488

15. Subsequent events

On October 25, 2024, Monte Rosa Therapeutics AG, a wholly owned subsidiary of Monte Rosa Therapeutics, Inc., or the Company, and Novartis Pharma AG, or Novartis, entered into a License Agreement, or the Novartis Agreement. Pursuant to the Novartis Agreement, the Company will grant to Novartis an exclusive, royalty-bearing, sublicensable and transferable license to develop, manufacture, and commercialize VAV1 MGDs, including MRT-6160, which is currently in Phase 1 clinical development for immune-mediated conditions. The Company is responsible for completing the ongoing Phase 1 clinical study and Novartis is responsible for all subsequent development and commercial activities starting at Phase 2. Development and commercial activities governed by the Agreement will be overseen by a Development Committee and a Commercialization Committee.

Pursuant to the Novartis Agreement, the Company is entitled to receive from Novartis (1) an upfront payment of \$150 million, (2) up to \$2.1 billion in development, regulatory, and sales milestones, beginning upon initiation of Phase 2 studies including (a) potential development and regulatory milestone payments, exceeding \$1.5 billion if multiple indications achieve regulatory approval in multiple territories, (b) potential sales milestones payments in connection with sales outside of the United States, and (3) tiered royalties on sales outside of the United States. The Company will continue to be responsible for costs associated with the ongoing Phase 1 clinical study and Novartis will be responsible for costs associated with any subsequent clinical studies. The Company and Novartis also agreed to a net profit and loss sharing arrangement, pursuant to which the Company will co-fund any global clinical development from Phase 3 onwards and will share 30% of any profits and losses associated with the manufacturing and commercialization of the licensed products in the United States. The Company has defined opportunities to opt out of the net profit and loss sharing arrangement, in such case, sales in the United States would be entitled to the potential sales milestones payments and tiered royalties on sales available outside of the United States. Any costs for any co-funded development and commercialization activities are subject to budgets reviewed by the Development Committee and Commercialization Committee, respectively.

The Novartis Agreement is subject to customary closing conditions, including regulatory clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

The parties have included customary termination provisions in the Agreement, including Novartis' ability to terminate the Novartis Agreement in its entirety.

Item 2. Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report. This discussion and analysis and other parts of this Quarterly Report contain forward-looking statements based upon current beliefs, plans and expectations that involve risks, uncertainties and assumptions, such as statements regarding our plans, objectives, expectations, intentions and projections. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth in "Part I, Item 1A, Risk Factors" in our 2023 Annual Report and under Part II, Item 1A, "Risk Factors" and elsewhere in this Quarterly Report. You should carefully read the "Risk Factors" section of this Quarterly Report to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements. Please also see the section entitled "Special note regarding forward-looking statements."

Overview

We are a biotechnology company developing a portfolio of novel and proprietary MGDs. MGDs are small molecule drugs that employ the body's natural protein destruction mechanisms to selectively degrade therapeutically-relevant proteins. MGDs work by inducing the engagement of defined surfaces identified on target proteins by an E3 ligase, such as cereblon. We have developed a proprietary and industry-leading protein degradation platform, called QuEEN™ to enable our unique, target-centric, MGD discovery and development and our rational design of MGD products. We believe our small molecule MGDs may give us significant advantages over existing therapeutic modalities, including other protein degradation approaches. We prioritize our product development on therapeutic targets backed by strong biological and genetic rationale with the goal of discovering and developing novel medicines.

Monte Rosa Therapeutics AG, a Swiss operating company, was incorporated under the laws of Switzerland in April 2018. Monte Rosa Therapeutics, Inc was incorporated in Delaware in November 2019. We are headquartered in Boston, Massachusetts with research operations in both Boston and Basel, Switzerland.

Our most advanced product candidate, MRT-2359, is an orally bioavailable MGD targeting the translation termination factor protein GSPT1. The FDA cleared the IND for MRT-2359 in September 2022, and we initiated a phase 1/2 clinical trial for the treatment of MYC-driven solid and high-grade neuroendocrine tumors in October 2022. In October 2023, we presented interim data from the Phase 1 dose escalation part of our Phase 1/2 clinical trial of MRT-2359 demonstrating favorable pharmacokinetic (PK), pharmacodynamic (PD), and tolerability profiles and early, but we believe promising, signs of clinical activity, including tumor size reductions in patients with biomarker-positive cancers. In January 2023, MRT-2359 received Fast Track designation from the FDA for the treatment of patients with previously treated, metastatic NSCLC with L-MYC or N-MYC expression. In June 2023, MRT-2359 received Orphan Drug Designation from FDA for treatment of small cell lung cancer (SCLC). In December 2023, MRT-2359 received Fast Track Designation from the FDA for the treatment of patients with previously treated, metastatic SCLC with L-MYC or N-MYC expression. In June 2024, we announced initial safety and pharmacodynamic data from the 0.5 mg dose using the 21 days on, 7 days off regimen. We continue to evaluate a higher 0.75 mg, 21 days on, 7 days off dose cohort. We look forward to announcing updated clinical data before the end of 2024.

In October 2024, we announced a global exclusive development and commercialization license agreement with Novartis to advance VAV1 MGDs, including MRT-6160, currently in Phase 1 clinical development, for various immune-related conditions. In August 2024, we announced that the first participants had been dosed in an MRT-6160 Phase 1 single ascending dose/multiple ascending dose, or SAD/MAD, study. Initial clinical results, including safety, pharmacokinetics, VAV1 protein degradation, and key downstream pharmacodynamic markers, are anticipated by the first quarter of 2025.

In addition, MRT-8102, a NEK7-directed MGD for inflammatory diseases driven by IL-1 β and the NLRP3 inflammasome, is now in IND-enabling studies, with an IND filing with the FDA planned for the first half of 2025.

Further, our CDK2 and Cyclin E1-directed MGD programs are progressing and continue to advance towards development candidate nominations. We expect to nominate a development candidate for the CDK2-directed MGD program by year-end 2024.

Liquidity

To date, we have financed our operations primarily through the issuance and sale of convertible promissory notes, convertible preferred stock, public offerings of our common stock, registered direct offerings, and through our collaboration with Roche. From our inception through the date hereof, there have been aggregate inflows of \$684.8 million of gross proceeds from such transactions. Since inception, we have had significant operating losses. Our primary use of cash is to fund operating expenses, which consist primarily of research and development expenditures and, to a lesser extent, general and administrative expenditures. Our net loss was \$135.4 million and \$108.5 million for the years ended December 31, 2023 and 2022, respectively, and our net loss was \$86.1 million and \$102.1 million for the nine months ended September 30, 2024 and 2023, respectively. As of September 30, 2024, we had an accumulated deficit of \$452.0 million and \$247.1 million in cash, cash equivalents, restricted cash and marketable securities.

Impact of global economic and political developments

The development of our product candidates could be disrupted and materially adversely affected in the future by global economic or political developments. In addition, economic uncertainty in global markets caused by political instability and conflict, and economic challenges caused by global pandemics or other public health events, may lead to market disruptions, including significant volatility in commodity prices, credit and capital market instability and supply chain interruptions. Our business, financial condition and results of operations could be materially and adversely affected by negative impacts on the global economy and capital markets resulting from these global economic conditions, particularly if such conditions are prolonged or worsen.

Components of operating results

Collaboration Revenue

Collaboration revenue represents amounts earned from our Collaboration and License Agreement with Roche.

Research and development expenses

Our research and development expenses include:

- expenses incurred under agreements with consultants, third-party service providers that conduct research and development activities on our behalf;
- personnel costs, which include salaries, benefits, pension and stock-based compensation;

- laboratory and vendor expenses related to the execution of preclinical and clinical studies;
- laboratory supplies and materials used for internal research and development activities; and
- facilities and equipment costs.

Most of our research and development expenses have been related to the development of our QuEEN™ platform and advancement of our GSPT1 program, advancement of our disclosed and undisclosed programs including for CDK2, NEK7, VAV1, and CCNE1. With the exception of costs incurred for research and development on behalf of third parties, we have not reported program costs since our inception because we have not historically tracked or recorded our research and development expenses on a program-by-program basis. We use our personnel and infrastructure resources across the breadth of our research and development activities, which are directed toward identifying and developing product candidates.

We expense all research and development costs in the periods in which they are incurred. Costs for certain research and development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors and third-party service providers.

We expect our research and development expenses to increase substantially for the foreseeable future as we continue to invest in research and development activities related to developing our product candidates, including investments in manufacturing, as we advance our programs and conduct clinical trials. The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming, and the successful development of our product candidates is highly uncertain. As a result, we are unable to determine the duration and completion costs of our research and development projects, the costs of related clinical development costs or when and to what extent we will generate revenue from the commercialization and sale of any of our product candidates.

General and administrative expenses

Our general and administrative expenses consist primarily of personnel costs and other expenses for outside professional services, including legal fees relating to patent and corporate matters, professional fees for accounting, auditing, tax and administrative consulting services, insurance costs and other operating costs. We expect our general and administrative expenses to increase over the next several years to support our continued research and development activities, manufacturing activities, and the potential commercialization of our product candidates and development of commercial infrastructure. We also anticipate our general and administrative costs will increase and with respect to the hiring of additional personnel, fees to outside consultants, lawyers and accountants, and costs associated with being a public company, such as expenses related to services associated with maintaining compliance with Nasdaq listing rules and SEC reporting requirements, insurance and investor relations costs.

Non-operating income and (expense)

Our non-operating income and (expense) includes (i) interest earned on our investments, including principally U.S. government-backed money-market funds and marketable securities; (ii) gains and losses on transactions of our Swiss subsidiary denominated in currencies other than the U.S. Dollar; (iii) proceeds from the sale of fixed assets; and (iv) realized losses on the sale of marketable securities.

Results of operations for the three months ended September 30, 2024 and 2023

The following sets forth our results of operations:

(in thousands)	Three months ended September 30,			Dollar change
	2024	2023		
Collaboration revenue	\$ 9,216	\$ —	\$ 9,216	
Operating expenses:				
Research and development	\$ 27,616	\$ 28,306	\$ (690)	
General and administrative	8,127	8,662	(535)	
Total operating expenses	35,743	36,968	(1,225)	
Loss from operations	(26,527)	(36,968)	10,441	
Other income	2,739	2,254	485	
Net loss before income taxes	(23,788)	(34,714)	10,926	
Provision for income taxes	(71)	(170)	99	
Net loss	\$ (23,859)	\$ (34,884)	\$ 11,025	

Collaboration revenue

Collaboration revenue of \$9.2 million for the three months ended September 30, 2024 represents revenue recorded under the Roche License and Collaboration Agreement. As of September 30, 2024, \$18.9 million was classified as current deferred revenue on the condensed consolidated balance sheet.

Research and development expenses

Research and development expenses were comprised of:

(in thousands)	Three months ended September 30,		Dollar change
	2024	2023	
External research and development services	\$ 10,299	\$ 12,227	\$ (1,928)
Personnel costs	9,862	9,208	654
Laboratory and related expenses	2,220	2,284	(64)
Facility costs and other expenses	5,235	4,587	648
Research and development expenses	\$ 27,616	\$ 28,306	\$ (690)

As of September 30, 2024, we had 105 employees engaged in research and development activities in our facilities in the U.S. and Switzerland. As of September 30, 2023, we had 107 research and development employees in our facilities in the U.S. and Switzerland.

Most of our research and development expenses were driven by the successful achievement of key milestones in our research and development organization, including the continuation of the MRT-2359 clinical study, the advancement of MRT-6160 into the clinic, the progression of our preclinical pipeline, and the continued development of the Company's QuEEN™ discovery engine. Research and development expenses for the three months ended September 30, 2024 and 2023 included non-cash stock-based compensation expense of \$2.6 million and \$2.3 million, respectively.

General and administrative expenses

General and administrative expenses to support our business activities were comprised of:

(in thousands)	Three months ended September 30,		Dollar change
	2024	2023	
Personnel costs	\$ 5,702	\$ 5,440	\$ 262
Professional services	572	1,277	(705)
Facility costs and other expenses	1,853	1,944	(91)
General and administrative expenses	\$ 8,127	\$ 8,661	\$ (534)

As of September 30, 2024 and 2023 we had 28 and 26 employees engaged in general and administrative activities, respectively, principally in our U.S. facility. General and administrative expenses for the three months ended September 30, 2024 and 2023 included non-cash stock-based compensation expense of \$1.6 million and \$2.2 million, respectively.

Other income (expense)

Other income (expense), net was comprised of:

(in thousands)	Three months ended September 30,		Dollar change
	2024	2023	
Interest income, net	\$ 2,892	\$ 2,227	\$ 665
Foreign currency exchange gain (loss), net	(153)	27	(180)
Other income	\$ 2,739	\$ 2,254	\$ 485

Other income and expense for the three months ended September 30, 2024 and 2023 is primarily attributable to interest earned on marketable securities.

Results of operations for the nine months ended September 30, 2024 and 2023

The following sets forth our results of operations:

(in thousands)	Nine months ended September 30,		
	2024	2023	Dollar change
Collaboration revenue	\$ 14,975	\$ —	\$ 14,975
Operating expenses:			
Research and development	82,697	84,137	(1,440)
General and administrative	26,394	24,311	2,083
Total operating expenses	109,091	108,448	643
Loss from operations	(94,116)	(108,448)	14,332
Other income	8,385	6,708	1,677
Net loss before income taxes	\$ (85,731)	\$ (101,740)	\$ 16,009
Provision for income taxes	(406)	(360)	(46)
Net loss	\$ (86,137)	\$ (102,100)	\$ 15,963

Collaboration revenue

Collaboration revenue of \$15.0 million for the nine months ended September 30, 2024 represents revenue recorded under the Roche License and Collaboration Agreement. As of September 30, 2024, \$18.9 million was classified as current deferred revenue on the condensed consolidated balance sheet.

Research and development expenses

Research and development expenses were comprised of:

(in thousands)	Nine months ended September 30,		
	2024	2023	Dollar change
External research and development services	\$ 31,227	\$ 35,698	\$ (4,471)
Personnel costs	29,585	28,126	1,459
Laboratory and related expenses	6,043	6,812	(769)
Facility costs and other expenses	15,842	13,501	2,341
Research and development expenses	\$ 82,697	\$ 84,137	\$ (1,440)

As of September 30, 2024, we had 105 employees engaged in research and development activities in our facilities in the U.S. and Switzerland. As of September 30, 2023, we had 107 research and development employees in our facilities in the U.S. and Switzerland.

Most of our research and development expenses were driven by the successful achievement of key milestones in our research and development organization, including the continuation of the MRT-2359 clinical study, the advancement of MRT-6160 into the clinic, the progression of our preclinical pipeline, and the continued development of the Company's QuEEN™ discovery engine. Research and development expenses for the nine months ended September 30, 2024 and 2023 included non-cash stock-based compensation expense of \$7.9 million and \$6.7 million, respectively.

General and administrative expenses

General and administrative expenses to support our business activities were comprised of:

(in thousands)	Nine months ended September 30,		
	2024	2023	Dollar change
Personnel costs	\$ 16,443	\$ 14,770	\$ 1,673
Professional services	3,850	3,451	399
Facility costs and other expenses	6,101	6,090	11
General and administrative expenses	\$ 26,394	\$ 24,311	\$ 2,083

As of September 30, 2024 and 2023 we had 28 and 26 employees engaged in general and administrative activities, respectively, principally in our U.S. facility. General and administrative expenses for the nine months ended September 30, 2024 and 2023 included non-cash stock-based compensation expense of \$5.7 million and \$5.9 million, respectively.

Other income (expense)

Other income (expense), net was comprised of:

(in thousands)	Nine months ended September 30,	
	2024	2023
Interest income, net	\$ 7,971	\$ 6,966
Foreign currency exchange gain (loss), net	414	(151)
Gain on disposal of fixed assets	—	24
Loss on sale of marketable securities	—	(131)
Other income	\$ 8,385	\$ 6,708

The increase in interest and other income for the nine months ended September 30, 2024, is due to the strengthening of the U.S. Dollar with respect to, principally, the Swiss Franc.

Liquidity and capital resources

Overview

Due to our significant research and development expenditures, we have generated operating losses since our inception. We have funded our operations primarily through the sale of convertible promissory notes, convertible preferred stock, public offerings of our common stock and through our collaboration with Roche. As of September 30, 2024, we had \$247.1 million in cash, cash equivalents, restricted cash and marketable securities. We have incurred losses since our inception and, as of September 30, 2024, we had an accumulated deficit of \$452.0 million. Our primary use of cash is to fund operating expenses, which consist primarily of research and development expenditures, and to a lesser extent, general and administrative expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable and accrued expenses.

At-the-Market Offering

On July 1, 2022, we filed a registration statement on Form S-3 (File No. 333-266003) with the SEC, which was declared effective on July 13, 2022, or the Shelf Registration Statement, in relation to the registration of common stock, preferred stock, debt securities, warrants and/or units of any combination thereof for the purposes of selling, from time to time, our common stock, debt securities or other equity securities in one or more offerings. We also simultaneously entered into a Sales Agreement, or the Sales Agreement, with Jefferies LLC, or Jefferies, to provide for the offering, issuance and sale of up to an aggregate amount of \$100.0 million of our common stock from time to time in "at-the-market" offerings, or the ATM Program, under the Shelf Registration Statement and subject to the limitations thereof. We will pay to the Jefferies cash commissions of up to 3.0 percent of the aggregate gross proceeds of sales of common stock under the Sales Agreement. As of the date of this Quarterly Report on Form 10-Q, 2,612,514 shares have been sold pursuant to the ATM Program.

Underwritten Public Offering

In May 2024, we entered into an underwriting agreement with TD Securities (USA) LLC, as representative of the several underwriters, related to an underwritten public offering, or the Offering, of 10,638,476 shares of common stock at a price of \$4.70 per share, and, in lieu of Common Stock to certain investors, pre-funded warrants to purchase 10,638,524 shares of Common Stock at a price of \$4.6999 per pre-funded warrant. The purchase price per share of each pre-funded warrant represents the per share public offering price for the common stock, minus the \$0.0001 per share exercise price of such pre-funded warrant. The pre-funded warrants are immediately exercisable and may be exercised at any time until the pre-funded warrants are exercised in full. Aggregate gross proceeds from the Offering were \$100 million, or aggregate net proceeds of \$96.4 million after deducting the underwriter discounts, commissions, and other offering costs.

Registered Direct Offering

In October 2023, we sold in a registered direct offering pursuant to a securities purchase agreement pre-funded warrants to purchase 10,000,400 shares of our common stock to an accredited investor at a purchase price of \$2.4999 per pre-funded warrant for aggregate gross proceeds of \$25.0 million. The pre-funded warrants are immediately exercisable at an exercise price of \$0.0001 per share.

Cash flows

The following table summarizes our cash flows for the periods indicated:

(in thousands)	Nine months ended September 30,	
	2024	2023
Net cash provided by (used in):		
Operating activities	\$ (86,926)	\$ (73,436)
Investing activities	(13,556)	74,504
Financing activities	98,284	2,319
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ (2,198)	\$ 3,387

Operating activities

Net cash used in operating activities of \$86.9 million during the nine months ended September 30, 2024, was attributable to our net loss of \$86.1 million and decreases in our working capital of \$18.3 million, partially off-set by non-cash charges of \$17.5 million principally with respect to depreciation expense and stock-based compensation.

Net cash used in operating activities of \$73.4 million during the nine months ended September 30, 2023, was attributable to our net loss of \$102.1 million off-set by an increase in our working capital of \$14.8 million and non-cash charges of \$13.9 million principally with respect to depreciation expense and stock-based compensation.

Investing activities

Cash used in investing activities of \$13.6 million during the nine months ended September 30, 2024 was primarily attributable to proceeds from the maturity of marketable securities of \$152.6 million, offset by purchases of marketable securities of \$162.4 million and purchases of property and equipment of \$3.8 million.

Cash provided by investing activities of \$74.5 million during the nine months ended September 30, 2023 was primarily attributable to proceeds from the maturity of marketable securities of \$121.8 million and proceeds from the sale of marketable securities of \$45.6 million, offset by purchases of marketable securities of \$75.6 million and purchases of property and equipment of \$17.4 million.

Financing activities

Net cash provided by financing activities of \$98.3 million for nine months ended September 30, 2024 was primarily due the net proceeds from our Offering of \$96.4 million.

Funding requirements

Any product candidates we may develop may never achieve commercialization and we anticipate that we will continue to incur losses for the foreseeable future. We expect that our research and development expenses, general and administrative expenses and capital expenditures will continue to increase. As a result, until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings, debt financings or other capital sources, including potential collaborations, licenses and other similar arrangements. Our primary uses of capital are, and we expect will continue to be, compensation and related expenses, third-party clinical research, manufacturing and development services, costs relating to the build-out of our headquarters, laboratories and manufacturing facility, license payments or milestone obligations that may arise, laboratory and related supplies, clinical costs, manufacturing costs, legal and other regulatory expenses and general overhead costs.

Based upon our current operating plan, and the anticipated \$150 million upfront payment due from Novartis, we believe that our existing cash, cash equivalents and marketable securities will enable us to fund our operating expenses and capital expenditure requirements for at least the next twelve months. We base this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect.

We will continue to require additional financing to advance our current product candidates through clinical development, to develop, acquire or in-license other potential product candidates and to fund operations for the foreseeable future. We will continue to seek funds through equity offerings, debt financings or other capital sources, including potential collaborations, licenses and other similar arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could

have a negative impact on our financial condition and on our ability to pursue our business plans and strategies. If we are unable to raise capital, we will need to delay, reduce or terminate planned activities to reduce costs.

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

- the scope, progress, results and costs of researching, developing and manufacturing our current product candidates or any future product candidates, and conducting preclinical studies and clinical trials;
- the timing of, and the costs involved in, obtaining regulatory approvals or clearances for our lead product candidates or any future product candidates;
- the number and characteristics of any additional product candidates we develop or acquire;
- the cost of manufacturing our lead product candidate or any future product candidates and any products we successfully commercialize, including costs associated with building-out our manufacturing capabilities;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of any such agreements that we may enter into;
- the expenses needed to attract and retain skilled personnel;
- the costs associated with being a public company;
- the timing, receipt and amount of sales of any future approved or cleared products, if any; and
- the impact of global economic and political developments, future public health events and the corresponding responses of businesses and governments.

Further, our operating plans may change, and we may need additional funds to meet operational needs and capital requirements for clinical trials and other research and development activities. We currently have no credit facility or committed sources of capital. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated product development programs.

Critical accounting policies and significant judgments and estimates

Our unaudited interim condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the U.S. The preparation of our unaudited interim condensed consolidated financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, costs and expenses, and the disclosure of contingent assets and liabilities in our condensed financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. However, even though we believe we have used reasonable estimates and assumptions in preparing our interim condensed consolidated financial statements, the future effects of global economic and political developments and any future public health events on our results of operations, cash flows, and financial position are unclear. Our actual results may differ from these estimates under different assumptions or conditions.

Revenue Recognition

To date, our revenues have primarily consisted of consideration related to the License and Collaboration Agreement with Roche, which we are accounting for under ASC 606. In accordance with ASC 606, we recognize revenue when our customers obtain control of promised goods or services, in an amount that reflects the consideration which we expect to receive in exchange for those goods or services.

To determine the appropriate amount of revenue to be recognized for arrangements determined to be within the scope of ASC 606, we perform the following five 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 distinct in the context of the contract; (iii) measurement of the transaction price, including the assessment of the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when, or as we satisfy each performance obligation.

As part of the accounting for arrangements under ASC 606, we must use significant judgment to determine the performance obligations based on the determination under step (ii) above. We also use judgment to determine whether

milestones or other variable consideration, except for royalties and sales-based milestones, should be included in the transaction price as described below. We recognize revenue based on those amounts when, or as, the performance obligations under the contract are satisfied.

The transaction price is determined based on the consideration to which we will be entitled in exchange for transferring goods and services to the customer. To the extent the transaction price includes variable consideration, we estimate the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method, depending on the nature of the variable consideration. Variable consideration is included in the transaction price if, in management's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Any estimates, including the effect of the constraint on variable consideration, are evaluated at each reporting period for any changes.

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation on a relative standalone selling price basis unless the transaction price is variable and meets the criteria to be allocated entirely to a performance obligation or to a distinct service that forms part of a single performance obligation. The consideration to be received is allocated among the separate performance obligations based on relative standalone selling prices. Determining the standalone selling price of each performance obligation requires significant judgment and is discussed in further detail in Note 9.

We utilize judgment to assess the nature of the performance obligation to determine whether the performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress. We evaluate the measure of progress each reporting period and, if necessary, adjust the measure of performance and related revenue recognition. The measure of progress, and the resulting periods over which revenue should be recognized, are subject to estimates by management and may change over the course of the arrangement, which are subject to review by the joint research committee, or JRC. Such a change could have a material impact on the amount of revenue we record in future periods. We concluded that the transfer of control to the customer for the performance obligation occurs over the time period that the research and development services are provided by us. We recognize revenue for the performance obligation as those services are provided using an input method, based on the cumulative costs incurred compared to the total estimated costs expected to be incurred to satisfy the performance obligation. The percentage of completion method is, in management's judgment, the best measure of progress towards satisfying the performance condition.

At the inception of each arrangement that includes research, development or regulatory milestone payments, we evaluate whether the milestones are considered likely to be met and estimate the amount to be considered for inclusion in the transaction price using the most-likely-amount method. If it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur, the associated milestone value is included in the transaction price. For milestone payments due upon events that are not within our control, such as regulatory approvals, we are not able to assert that it is likely that the regulatory approval will be granted and that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur until those approvals are received. In making this assessment, we evaluate factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve the particular milestone. There is considerable judgment involved in determining whether it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur.

We reevaluate the transaction price and our total estimated costs expected to be incurred at the end of each reporting period and as uncertain events, such as changes to the expected timing and cost of certain research, development and manufacturing activities that we are responsible for, are resolved or other changes in circumstances occur. If necessary, we will adjust our estimate of the transaction price or our estimates of the total costs expected to be incurred. To date, we have not had any significant changes in our estimates.

Other than the Company's revenue recognition policy described above, there have been no significant changes to our critical accounting policies from those described in "Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2023 Annual Report.

For a complete discussion of our significant accounting policies and recent accounting pronouncements, see Note 2 to our condensed consolidated financial statements appearing elsewhere in this Quarterly Report and Note 2 to our 2023 Annual Report.

Recently issued and adopted accounting pronouncements

Refer to Note 2, "Summary of Significant Accounting Policies," in the accompanying notes to our and consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q for a discussion of recent accounting pronouncements.

Contractual obligations and commitments

During the three months ended September 30, 2024, there have been no material changes to our contractual obligations and commitments from those described under “Part II, Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission on March 14, 2024.

Off-balance sheet arrangements

During the periods presented, we did not have, nor do we currently have, any off-balance sheet arrangements as defined under SEC rules.

Emerging growth company status

In April 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107 of the JOBS Act provides that an “emerging growth company” may take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Therefore, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this extended transition period and, as a result, we may adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-public companies instead of the dates required for other public companies. However, we may early adopt these standards.

We will cease to be an emerging growth company on the date that is the earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of \$1.235 billion or more, (ii) the last day of our fiscal year following the fifth anniversary of the date of the closing of our initial public offering, or our IPO, (iii) the date on which we have issued more than \$1.0 billion in nonconvertible debt during the previous three years or (iv) the date on which we are deemed to be a large, accelerated filer under the rules of the SEC.

We are also a “smaller reporting company,” meaning that the market value of our stock held by non-affiliates plus the aggregate amount of gross proceeds to us as a result of our IPO 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 after our IPO if either (i) the market value of our stock held by non-affiliates is less than \$250 million or (ii) our annual revenue was 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 reports 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

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this Item 3.

Item 4. Controls and procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and our principal 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 Securities Exchange Act of 1934, as amended, or the Exchange Act, as of September 30, 2024. The term “disclosure controls and procedures,” as defined in the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based on the evaluation of our disclosure controls and procedures as of September 30, 2024, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures as of such date are effective at the reasonable assurance level.

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 three months ended September 30, 2024 that materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving the desired control objectives. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met. Similarly, an evaluation of controls cannot provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

Part II – Other Information

Item 1. Legal proceedings

From time to time, we may become subject to various legal proceedings and claims that arise in the ordinary course of our business activities. Although the results of litigation and claims cannot be predicted with certainty, as of September 30, 2024, we do not believe we are party to any claim or litigation the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk factors

Investing in our common stock involves a high degree of risk. You should carefully consider the following risks and uncertainties, those risks and uncertainties discussed in “Part I, Item 1A, Risk Factors” in our 2023 Annual Report, as amended and supplemented by the information in our subsequent Quarterly Reports on Form 10-Q, together with all of the other information contained in this Quarterly Report, including our unaudited condensed consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report. The risk factor disclosure in our 2023 Annual Report and subsequent Quarterly Reports on Form 10-Q is qualified by the information that is described in this Quarterly Report. If any of the risks described below or in our 2023 Annual Report actually occur, our business, prospects, operating results and financial condition could suffer materially. In such event, the trading price of our common stock could decline and you might lose all or part of your investment.

Other than as set forth below, there have been no material changes to the risk factors set forth in our 2023 Annual Report.

Risks related to our financial position and capital needs

We have incurred significant operating losses since our inception and anticipate that we will incur continued losses for the foreseeable future.

Since our inception, we have focused substantially all of our efforts and financial resources on developing our proprietary QuEEN™ platform, our proprietary MGD library and our initial pipeline of product candidates. To date, we have financed our operations primarily through the issuance and sale of convertible promissory notes, convertible preferred stock, public offerings of our common stock, registered direct offerings, and through our collaboration with Roche. From our inception through the date hereof, we raised an aggregate of \$684.8 million of gross proceeds from such transactions. As of September 30, 2024, our cash, cash equivalents, restricted cash and marketable securities were \$247.1 million. We have incurred net losses in each year since our inception, and we had an accumulated deficit of \$452.0 million as of September 30, 2024. For the years ended December 31, 2023 and 2022, we reported net losses of \$135.4 million and \$108.5 million, respectively. For the nine months ended September 30, 2024 and 2023, we reported a net loss of \$86.1 million and \$102.1 million, respectively. Substantially all of our operating losses have resulted from costs incurred in connection with our research and initial pipeline programs and from general and administrative costs associated with our operations. We expect to continue to incur significant expenses and increasing operating losses over the next several years and for the foreseeable future. Our prior losses, combined with expected future losses, have had and will continue to have an adverse effect on our stockholders' deficit and working capital. We expect our expenses to significantly increase in connection with our ongoing activities, as we:

- conduct our clinical trial for MRT-2359, our MGD product candidate targeting GSPT1, and MRT-6160, our MGD product candidate targeting VAV1;
- continue preclinical activities for our VAV1, NEK7, CDK2, CCNE1, and other currently undisclosed programs;
- prepare and submit IND applications with the FDA for other current and future product candidates, including for MRT-8102, our MGD product candidate targeting NEK7; complete preclinical studies for current or future product candidates;
- progress MGD molecules from our initial programs through lead optimization to development candidates;
- initiate and complete clinical trials for current or future product candidates;
- expand and improve the capabilities of our QuEEN™ platform;
- continue to build our proprietary library of MGDs;

- contract to manufacture our product candidates;
- advance research and development related activities to expand our product pipeline;
- seek regulatory approval for our product candidates that successfully complete clinical development;
- develop and scale up our capabilities to support our ongoing preclinical activities and future clinical trials for our product candidates and commercialization of any of our product candidates for which we may obtain marketing approval; maintain, expand, and protect our intellectual property portfolio;
- hire additional staff, including clinical, scientific and management personnel; and
- secure facilities to support continued growth in our research, development and commercialization efforts.

In addition, if we obtain marketing approval for our current or future product candidates, we will incur significant expenses relating to our commercialization of such product candidates via our sales, marketing, product manufacturing and distribution efforts. Because of the numerous risks and uncertainties associated with developing pharmaceutical drugs, including in light of economic fluctuations, we are unable to predict the extent of any future losses or when we will become profitable, if at all.

Even if we achieve profitability, we may not be able to sustain or increase our 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.

Item 2. Unregistered sales of equity securities, use of proceeds and issuer purchases of equity securities

Recent sales of unregistered equity securities

None.

Issuer purchases of equity securities

None.

Item 3. Defaults upon senior securities

None.

Item 4. Mine safety disclosures

Not Applicable.

Item 5. Other information

Rule 10b5-1 Trading Plans

During the fiscal quarter ended on September 30, 2024, none of our directors and officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description
3.1	Fourth Amended and Restated Certificate of Incorporation of Registrant, as currently in effect (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K (File No. 001-40522) filed on June 28, 2021).
3.2	Certificate of Amendment to the Fourth Amended and Restated Certificate of Incorporation of Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K (File No. 001-40522) filed on June 14, 2023).
3.3	Second Amended and Restated By-laws of the Registrant, as currently in effect (incorporated by reference to Exhibit 3.3 of the Registrant's Quarterly Report on Form 10-Q (File No. 001-40522) filed on May 9, 2024)
31.1*	Certification of Principal Executive Officer and 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 and 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 Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Deemed to be furnished with this Quarterly Report on Form 10-Q and will not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

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.

Monte Rosa Therapeutics, Inc.

Date: November 7, 2024

By: _____
/s/ Markus Warmuth
Markus Warmuth
Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

**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, Markus Warmuth, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ending September 30, 2024 of Monte Rosa 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 7, 2024

By: _____ /s/ Markus Warmuth

Markus Warmuth
Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

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

In connection with the Quarterly Report of Monte Rosa Therapeutics, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 7, 2024

By: _____ /s/ Markus Warmuth
Markus Warmuth
Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)
