Kymera Therapeutics Second Quarter 2026 Results Call | August 5, 2026

Operator:

Good day everyone. My name is Chelle and I will be your conference operator today. At this time, I would like to welcome you to the Kymera Therapeutics Second Quarter 2026 Results Call. All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer session. If you would like to ask a question during this time and if you have joined via the webinar, please use the raise hand icon, which can be found at the bottom of your webinar application. If you have joined by phone, please press star nine on your keypad to raise your hand. At this time, I would like to turn the call over to Justine Koenigsberg, Vice President, Investor Relations.

Justine Koenigsberg:

Good morning, and welcome to Kymera Therapeutics' quarterly update conference call.

Joining me today with prepared remarks are Nello Mainolfi, our Founder, President and CEO and Bruce Jacobs, our Chief Financial Officer. We'll also have brief comments from Jared Gollob and Terence Rooney, our new Chief Medical Officer, who will also join us for Q&A.

Following our prepared remarks, we will open the call for questions from our covering analysts. To ensure we have time to hear from everyone, we will limit each analyst to one question.

Before we begin, I would like to remind you that today's discussion will include forward-looking statements subject to risks and uncertainties described in our most recent Form 10-Q filed with the SEC. Please note that any forward-looking statements speak only as of today's date and we undertake no obligation to update them.

With that, I will now turn the call over to Nello.

Nello Mainolfi:

Thank you, Justine, and good morning, everyone. Before we dive into the quarterly update, as we announced last week, I'd like to take a moment to recognize Jared as he prepares to retire and thank him for his many contributions over the past eight years.

Jared has been instrumental in helping build Kymera and has made a meaningful impact across virtually every aspect of the company. His leadership, dedication, and partnership have helped shape where we are today, and we're incredibly grateful for everything he's done.

While we'll certainly miss him, he leaves the organization in a position of great strength. With Terence stepping into the role, I'm confident that we'll have a seamless transition and continue to build on the strong foundation Jared has helped create. You'll hear from Terence later in the call, but I'm very excited to have him join the team and believe that his long and deep experience across all phases of immunology development and commercialization, along with his insights and capabilities, will be critical to helping advance our next phase of growth.

On behalf of everyone at Kymera, thank you, Jared. We wish you nothing but the very best in this well-deserved next chapter. Before we get started, we wanted to give him the opportunity to share a few words. Jared?

Jared Gollob:

Thank you, Nello.

While it's certainly bittersweet to say goodbye, I have made the decision to retire after having spent 20 years in academic medicine followed by 20 years in industry, including the last 8 years at Kymera. This is obviously an exciting time for Kymera, and I could not be prouder, not only of all that we have accomplished, but also of all that the company will accomplish in the future. I am happy to note that I'll be staying on as an advisor through year-end to help with the transition, as needed. But I am ultimately excited for this next chapter and for the opportunity to spend more time with my family.

But before I go, I want to say a heartfelt thank you to all of you. It has been an incredible privilege to be part of this organization and to work alongside such talented, dedicated, and inspiring people. I have also enjoyed all the interactions I have had with all of the investors and analysts on the call today, which I will miss as well. Looking back, I'm filled with gratitude for everything we've accomplished. I have tremendous confidence in the future of Kymera and can't wait to see all that's still to come. It's been an absolute honor to be part of this journey.

Thank you.

Nello Mainolfi:

Thanks, Jared.

Now, with that, let's turn to our quarterly update. We enter today's call with strong momentum across the business, driven by progress in our lead programs, advancement of our broader pipeline, and continued execution against our long-term strategy.

At Kymera, our ambition is not only just to develop new medicines but to redefine what is possible for patients by changing treatment paradigms.

We believe we have the ability, by leveraging not only targeted protein degradation, but also our broad small molecule capabilities, to fundamentally reshape how diseases are treated. Our focus remains firmly on translating that science into transformative oral medicines that can create meaningful impact for patients.

Reflecting on our recent accomplishments, last quarter's highlight was undoubtedly the announcement that we completed enrollment in our Phase 2b AD trial approximately six months ahead of schedule. As a result, we now expect to report topline data by year-end 2026 and to initiate Phase 3 development around mid-2027, both approximately six months earlier than previously planned.

We view the rapid enrollment as a reflection of many factors, including: the compelling preclinical and Phase 1b AD data generated to date, appreciation and confidence from investigators and KOL's in a well-understood pathway, the incredible excitement from investigators and patients for the opportunity of a once-a-day oral therapy, as we have seen in other areas, outstanding execution by our clinical trial operations and medical teams.

We completed this trial well ahead of expectations as I mentioned earlier. I would add that we did that while maintaining our strict focus on quality, which included many measures that we put in place, some of which could be perceived as burdensome to patients and sites. And this approach remained consistent throughout enrollment.

In addition to the momentum around our STAT6 program, we continue to demonstrate that our platform can repeatedly generate differentiated investigational medicines against high-value targets, reinforcing our strategy of building a robust pipeline capable of driving high patient impact and, in doing so, delivering long-term value.

Our second wholly owned program is also progressing in the clinic with the ongoing Phase 1 study of KT-579, our oral IRF5 degrader. We believe IRF5 represents a highly compelling target in autoimmune diseases with the potential to address multiple high-value indications. We expect to report Phase 1 healthy volunteer results in the fourth quarter of 2026 and to advance the program into its first proof-of-concept study in lupus patients soon thereafter.

In addition, KT-485, our second generation IRAK4 degrader partnered with Sanofi, recently entered Phase 1 development, resulting in a $20 million milestone payment to Kymera. The Phase 1 is designed to evaluate KT-485 in both healthy volunteers and patients with hidradenitis suppurativa, and we look forward to its advancement under Sanofi's leadership.

And, last but not least, we look forward to providing updates as our CDK2 molecular glue, KT-200, partnered with Gilead, advances toward an expected IND and clinical start next year.

Taken together, our progress across all of these programs highlights both the power of our discovery and development capabilities and our ability to consistently translate into potentially transformative medicines for patients and meaningful value creation for shareholders.

Turning more specifically now to KT-621.

As we prepare for the upcoming readout later this year, I wanted to quickly refresh you all on the details of the trial and then touch on how we view the opportunity for KT-621.

As a reminder, the study is evaluating three doses of KT-621 compared to placebo. The primary endpoint is percent change from baseline in EASI score at Week 16. Key secondary endpoints include EASI-50, EASI-75, vIGA 0-1, and Pruritus NRS. When we report topline results later this year, these, along with safety, are among the key endpoints we expect to share.

As we think about the upcoming clinical readouts, our overarching goal is very clear. We are developing KT-621 to deliver on what we hear patients want: an active, safe, oral therapy, in diseases like AD, asthma, EOE, COPD and others that lack such an option.

This is not only true in these Type 2 indications, but also more broadly. There is an overwhelming demand for oral pills that can help manage debilitating chronic diseases. It comes down to clear preference among patients and physicians for treatments that are better suited to fit their lives.

With respect to the market opportunity, we have made this point in the past, but it bears repeating. Market data tell us that there are a significant number of patients that are not well-served with existing treatments. In fact, there are an estimated 43 million adults in the US, EU5, and Japan with atopic dermatitis and only a small percentage of patients, single digits, really, with moderate-to-severe disease are on advanced systemic therapies.

There is no doubt that this represents a significant, if not unprecedented opportunity, for KT-621. If we are successful and can deliver an oral therapy that is both clinically efficacious and well tolerated, we have the potential to meaningfully expand the use of systemic treatment and dramatically change the existing treatment landscape.

Finally, on the opportunity, I think it’s important to highlight that KT-621 has the potential to become not only the first oral therapy with a favorable safety profile for individual Type 2 inflammatory diseases, such as atopic dermatitis and asthma, but also the first and only oral therapy capable of addressing the full spectrum of Type 2 diseases and their associated comorbidities. This would represent a powerful tool for physicians and position KT-621 as a potential first and best option for all patients with Type 2 diseases, given more than 50% of this population presents with additional Type 2 comorbidities.

Now, while most of my comments have focused on the AD trial, we're similarly excited about the progress we're making in asthma. We continue to hear strong enthusiasm for the potential of an effective, oral therapy in Type 2 asthma, based on our discussions with KOLs, including most recently at the ATS conference. Importantly, we hear consistently from KOLs that a well-tolerated oral therapy delivering clinically meaningful benefit could address a significant unmet need and expand treatment options for a broader population of moderate-to-severe patients. Enrollment is underway in the BREADTH Phase 2b trial, and we remain on track to report topline data by late 2027.

As we continue to advance KT-621 in the Phase 2b trial, we're also focused on generating the long-term data that will be important both for regulatory purposes and ultimately for commercialization.

We are pleased to share that we have initiated an open-label extension asthma study, which will allow patients who complete the BREADTH study to continue receiving KT-621 for up to an additional 52 weeks.

Taken together, we believe our development strategy across both AD and asthma positions us, once these two studies are completed, to fully explore the broad potential of KT-621 across other dermatology and respiratory diseases in later stage trials.

Now turning to KT-579, our oral IRF5 degrader, we remain on track to report topline data from the ongoing healthy volunteer study in the fourth quarter of 2026.

As a reminder, IRF5 is a genetically validated driver of innate immune dysfunction and inflammation and is implicated across multiple autoimmune diseases, such as lupus and IBD.

KT-579 seeks to confront a challenge that has been elusive among traditional drug development approaches in this space. By selectively degrading IRF5, KT-579 is designed to modulate multiple disease-driving pathways with a single mechanism and therefore has the potential to be the first novel mechanism with broad utility in diseases where patients are desperately seeking more efficacious and well-tolerated oral therapies.

The Phase 1 healthy volunteer study is designed to evaluate single- and multiple-ascending doses of KT-579, with the objective of achieving more than 90% IRF5 degradation in blood at doses with a favorable safety profile.

We will also assess PD activity using ex vivo stimulation assays to understand the impact of IRF5 degradation on key inflammatory pathway biomarkers upregulated by TLR7, 8 and 9 agonists, including Type 1 interferons, proinflammatory cytokines and inflammatory pathway gene transcripts. We have guided that it is our expectation that we should see between a 50-80% reduction in these biomarkers across the three TLR pathways assessed if we’re engaging IRF5 effectively, which would suggest the potential for IRF5 degradation translating into clinical activity in subsequent patient studies with KT-579.

Looking ahead, we plan to advance KT-579 into a study in lupus patients soon after the healthy volunteer study is complete. Despite recent scientific advances, most lupus patients continue to cycle through therapies without achieving sustained disease control, underscoring the need for differentiated treatment approaches.

Before I wrap up my remarks, I'd like to briefly highlight a few additional leadership updates.

We were pleased to announce at our recent Annual Meeting, Felix Baker has assumed the role of Chairman, succeeding Bruce Booth. Felix has been a member of our board since 2024, and we look

forward to his continued leadership and partnership. We are also grateful for Bruce's many contributions since our founding, and we're pleased that he continues to serve on the board as a director.

We also recently welcomed Penny Carlson to lead our development operations and Liz Laws as Global Program Lead for KT-621. Penny joins Kymera after a long and successful career leading global clinical development, most recently at Takeda. Liz joins us from Sanofi where she was highly involved in the development of dupilumab. Both Penny and Liz bring extensive experience leading complex clinical development programs, with direct relevance to Kymera, and their expertise will be invaluable as we advance our pipeline and continue building the capabilities needed to support a growing, late-stage clinical portfolio.

And, last but not least, as mentioned earlier in the call and disclosed last week, I could not be more excited to introduce Terence as Kymera's new Chief Medical Officer. Terence joins Kymera with what can only be described as the ideal set of experiences, expertise, and knowledge as we continue on this journey to transform the immunology market. He held senior leadership positions at J&J and Lilly, where he helped build and advance leading immunology franchises including ICOTYDE™, STELARA®, and TREMFYA®. His extensive experience across clinical development and portfolio strategy is highly complementary to Kymera and will help guide the continued advancement of our pipeline.

I wanted to allow Terence to share a few thoughts with you, and we will also have him join the Q&A. Terence?

Terence Rooney:

Thank you, Nello.

I'm excited to be joining Kymera at such an important time in the company's evolution. With multiple programs advancing across the portfolio and significant opportunities ahead, it's a privilege to be part of the team as we enter this new chapter.

By way of background, I've spent some 17 years in the biopharma industry focused on the development of treatments for immune-mediated inflammatory diseases. Most recently, I served as the Head of Portfolio and Asset Management for Immunology at Johnson & Johnson, where I led strategy and asset development for a broad immunology portfolio. Prior to that, I've spent time throughout the pharma R&D value chain including stints in early and late-stage clinical development, in business development, and end-to-end R&D leadership.

Before biopharma, I spent 12 years as a physician in academic clinical practice and research, specializing in Rheumatology and Internal Medicine. So, I've had the chance to work across academic medicine, translational research, and global pharmaceutical R&D, all focused on advancing innovative therapies from concept through clinical development, to approval and beyond.

What drew me to Kymera is the opportunity to help unlock the potential of targeted protein degradation to transform the treatment of disease. The science is highly compelling, the pipeline is strong, and I'm joining a great team that I'm convinced is well positioned to deliver meaningful innovation for patients.

To wrap up then, I'll echo what Nello said earlier about KT-621. Kymera's STAT6 program represents a truly transformational opportunity not only for the company, but most importantly, of course, for human health. And I couldn't be more excited to be joining and to help Kymera fully realize the potential of this and our other assets.

Nello Mainolfi:

Thank you, Terence.

In conclusion, with KT-621 advancing through Phase 2b development and KT-579 expected to enter its first patient study shortly, we are sharply focused on building the team and capabilities needed to execute potentially more than 10 Phase 3 studies over the next 2-3 years. We have also begun building our commercial capabilities to deliver on our vision of becoming the global leader in innovative oral immunology medicines.

Importantly, we are doing all this from a position of financial strength. With a robust balance sheet and cash runway extending into 2029, we are well-capitalized to advance our pipeline.

Looking back to the first half of the year, we have executed across our portfolio, from accelerating the development of KT-621 to advancing KT-579, while also progressing our preclinical pipeline and partnered programs.

With multiple catalysts ahead, we remain enthusiastic about the opportunities in front of us and look forward to sharing additional data and updates in the months ahead.

With that, I will turn it over to Bruce to review the financial results before we open the call for questions. Bruce?

Bruce Jacobs:

Thanks, Nello.

As I walk through the second quarter results, please refer to the tables included in the press release, which was issued earlier this morning.

Collaboration revenue for the second quarter of 2026 was $65 million, reflecting a $45 million option exercise fee related to the Company's collaboration with Gilead Sciences and a $20 million milestone payment associated with Sanofi starting the Phase 1 study for KT-485. We have recognized all deferred

revenue, so we do not expect additional revenue this year. Any future revenue would be tied to milestones achieved in either the Sanofi or Gilead collaborations in 2027 and/or beyond.

Turning quickly to operating expenses, R&D expenses for the quarter were $119.5 million, including approximately $10.4 million in non-cash stock-based compensation. Excluding stock-based compensation, adjusted cash R&D expense was $109.1 million, an increase of 22% compared to the first quarter of 2026, primarily reflecting continued investment across our advancing clinical portfolio.

G&A expenses for the quarter were $21.1 million, including approximately $8.6 million in stock-based compensation. Excluding stock-based compensation, adjusted cash G&A expense was $12.5 million, a decrease of 4% compared to the first quarter of 2026.

We ended June with cash, cash equivalents, and investments of approximately $1.5 billion, providing runway into 2029 and positioning us to execute on a number of important value-driving milestones over the coming years.

Our balance sheet supports the completion of the KT-621 Phase 2b trials in AD and asthma and the progression of KT-579 fully through our planned proof-of-concept study in lupus. Within our runway, we also expect to fund the beginning stages of the Asthma Phase 3 study for KT-621, and most of the KT-621 Phase 3 study in AD. At the same time, we will continue investing in our research pipeline and building the capabilities needed to support our transition into a later-stage development and commercial organization.

Overall, we believe we are well positioned financially to execute on our strategic priorities while maintaining a disciplined approach to capital allocation.

With that, we'll pause briefly while we make our way to the conference room and assemble the question queue, at which point we’ll open the call for Q&A. Thank you.

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