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, 2026

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: 001-39696

COMPASS THERAPEUTICS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**82-4876496** **(I.R.S. Employer Identification No.)**
80 Guest St., Suite 601 **Boston, Massachusetts** **(Address of principal executive offices)**	**02135** **(Zip Code)**

Registrant's telephone number, including area code: (617) 500-8099

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, $0.0001 par value per share	CMPX	Nasdaq Capital 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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 5, 2026, the registrant had 180,087,915 shares of common stock, $0.0001 par value per share, outstanding.

Table of Contents

		Page
PART I.	FINANCIAL INFORMATION	1
Item 1.	Financial Statements (Unaudited)	1
	Condensed Consolidated Balance Sheets (Unaudited)	1
	Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)	2
	Condensed Consolidated Statements of Stockholders' Equity (Unaudited)	3
	Condensed Consolidated Statements of Cash Flows (Unaudited)	4
	Notes to Unaudited Condensed Consolidated Financial Statements	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	22
Item 4.	Controls and Procedures	22
PART II.	OTHER INFORMATION	23
Item 1.	Legal Proceedings	23
Item 1A.	Risk Factors	23
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	24
Item 3.	Defaults Upon Senior Securities	24
Item 4.	Mine Safety Disclosures	24
Item 5.	Other Information	24
Item 6.	Exhibits	25
	Signatures	26

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

Compass Therapeutics, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets
(In thousands, except par value)

	September 30, 2026 (unaudited)	December 31, 2025 (Note 1)
Assets		
Current assets:		
Cash and cash equivalents	$ 41,469	$ 30,643
Marketable securities	121,589	178,263
Prepaid expenses and other current assets	2,439	913
Total current assets	165,497	209,819
Property and equipment, net	402	102
Operating lease, right-of-use ("ROU") asset	8,031	9,099
Restricted cash	568	568
Total assets	$ 174,498	$ 219,588
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 6,316	$ 1,585
Accrued expenses	16,378	11,383
Operating lease obligations, current portion	1,674	1,000
Total current liabilities	24,368	13,968
Operating lease obligations, long-term portion	7,560	8,829
Total liabilities	31,928	22,797
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock, $0.0001 par value: 300,000 shares authorized; 180,088 and 178,324 shares issued and outstanding at September 30, 2026 and December 31, 2025, respectively	18	18
Additional paid-in-capital	644,932	627,665
Accumulated other comprehensive income (loss)	(566)	280
Accumulated deficit	(501,814)	(431,172)
Total stockholders' equity	142,570	196,791
Total liabilities and stockholders' equity	$ 174,498	$ 219,588

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

Compass Therapeutics, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Operating expenses:				
Research and development	$ 22,039	$ 12,826	$ 55,001	$ 42,297
General and administrative	6,761	2,991	21,077	12,552
Total operating expenses	28,800	15,817	76,078	54,849
Loss from operations	(28,800)	(15,817)	(76,078)	(54,849)
Interest income	1,629	1,558	5,436	4,076
Net loss	$ (27,171)	$ (14,259)	$ (70,642)	$ (50,773)
Net loss per share - basic and diluted	$ (0.15)	$ (0.08)	$ (0.38)	$ (0.34)
Basic and diluted weighted average shares outstanding	186,798	168,782	186,667	148,545
Other comprehensive loss:				
Net loss	$ (27,171)	$ (14,259)	$ (70,642)	$ (50,773)
Unrealized (loss) gain on marketable securities	(315)	66	(846)	64
Comprehensive loss	$ (27,486)	$ (14,193)	$ (71,488)	$ (50,709)

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

Compass Therapeutics, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(In thousands)

	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	(Loss) Income	Deficit	Equity
Balance at December 31, 2025	178,324	$ 18	$ 627,665	$ 280	$ (431,172)	$ 196,791
Common stock issued upon exercise of options, net of stock withheld	1,563	—	3,854	—	—	3,854
Stock-based awards, net of tax remittance	201	—	(489)	—	—	(489)
Stock-based compensation	—	—	5,073	—	—	5,073
Unrealized loss on marketable securities	—	—	—	(439)	—	(439)
Net loss	—	—	—	—	(18,317)	(18,317)
Balance at March 31, 2026	180,088	$ 18	$ 636,103	$ (159)	$ (449,489)	$ 186,473
Stock-based compensation	—	—	4,822	—	—	4,822
Unrealized loss on marketable securities	—	—	—	(92)	—	(92)
Net loss	—	—	—	—	(25,154)	(25,154)
Balance at June 30, 2026	180,088	18	640,925	(251)	(474,643)	166,049
Stock-based compensation	—	—	4,007	—	—	4,007
Unrealized loss on marketable securities	—	—	—	(315)	—	(315)
Net loss	—	—	—	—	(27,171)	(27,171)
Balance at September 30, 2026	180,088	18	644,932	(566)	(501,814)	142,570
Balance at December 31, 2024	137,820	$ 14	$ 489,692	$ 210	$ (364,683)	$ 125,233
Stock-based awards, net of tax remittance	462	—	(815)	—	—	(815)
Stock-based compensation	—	—	2,514	—	—	2,514
Unrealized loss on marketable securities	—	—	—	(20)	—	(20)
Net loss	—	—	—	—	(16,633)	(16,633)
Balance at March 31, 2025	138,282	$ 14	$ 491,391	$ 190	$ (381,316)	$ 110,279
Stock-based compensation	—	—	2,791	—	—	2,791
Unrealized gain on marketable securities	—	—	—	18	—	18
Net loss	—	—	—	—	(19,881)	(19,881)
Balance at June 30, 2025	138,282	14	494,182	208	(401,197)	93,207
Common stock and warrants issued, net of costs of $8.6 million	39,290	4	129,357	—	—	129,361
Stock-based compensation	—	—	1,238	—	—	1,238
Unrealized loss on marketable securities	—	—	—	66	—	66
Net loss	—	—	—	—	(14,259)	(14,259)
Balance at September 30, 2025	177,572	$ 18	$ 624,777	$ 274	$ (415,456)	$ 209,613

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

Compass Therapeutics, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	For the Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net loss	$ (70,642)	$ (50,773)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	64	259
Share-based compensation	13,902	6,543
Amortization of premium and discount on marketable securities	(321)	(477)
ROU asset amortization	1,068	843
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(1,526)	4,804
Accounts payable	4,731	846
Accrued expenses	4,995	2,397
Operating lease liability	(595)	(331)
Net cash used in operating activities	(48,324)	(35,889)
Cash flows from investing activities:		
Purchase of property and equipment	(364)	(25)
Purchases of marketable securities	(90,975)	(167,082)
Proceeds from sale or maturities of marketable securities	147,124	77,179
Net cash provided by (used in) investing activities	55,785	(89,928)
Cash flows from financing activities:		
Proceeds from issuance of common stock	—	137,999
Issuance costs from issuance of common stock	—	(8,638)
Proceeds from exercise of common stock	3,854	—
Taxes paid related to net shares settlement of RSUs	(489)	(815)
Net cash provided by financing activities	3,365	128,546
Net change in cash, cash equivalents and restricted cash	10,826	2,729
Cash, cash equivalents and restricted cash at beginning of period	31,211	44,051
Cash, cash equivalents and restricted cash at end of period	$ 42,037	$ 46,780
Reconciliation of cash, cash equivalents and restricted cash to the Condensed Consolidated Balance Sheets		
Cash and cash equivalents	$ 41,469	$ 46,212
Restricted cash	568	$ 568
Total cash, cash equivalents and restricted cash	$ 42,037	$ 46,780
Supplemental disclosure of cash flow information		
Unrealized loss (gain) on marketable securities	$ 846	$ (64)

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

1. Nature of Business and Basis of Presentation

Compass Therapeutics, Inc. ("Compass" or the "Company") is a clinical-stage, oncology-focused biopharmaceutical company developing proprietary antibody-based therapeutics to treat multiple human diseases. The Company's scientific focus is on the relationship between angiogenesis and the immune system. The pipeline includes novel product candidates that leverage the Company's understanding of the tumor microenvironment, including both angiogenesis-targeted agents and immune-oncology focused agents. These product candidates are designed to optimize critical components required for an effective anti-tumor response to cancer. These include modulation of the microvasculature via angiogenesis-targeted agents; induction of a potent immune response via activators on effector cells in the tumor microenvironment; and alleviation of immunosuppressive mechanisms used by tumors to evade immune surveillance. The Company plans to advance its product candidates through clinical development as both standalone therapies and in combination with its proprietary drug candidates as long as their continued development is supported by clinical and nonclinical data. References to Compass or the Company herein include Compass Therapeutics, Inc. and its wholly owned subsidiaries.

The Company is subject to risks and uncertainties common to companies in the biotechnology and pharmaceutical industries. There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for the Company's technology will be obtained, that any products developed will obtain necessary government regulatory approval or that any approved products will be commercially viable. The Company operates in an environment of rapid change in technology and substantial competition from pharmaceutical and biotechnology companies. In addition, the Company is dependent upon the services of its employees and consultants.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all normal and recurring adjustments (which consist primarily of accruals, estimates and assumptions that impact the financial statements) considered necessary to present fairly the Company's consolidated financial position as of September 30, 2026 and its consolidated results of operations, comprehensive loss, changes in stockholders' equity and cash flows for the three and nine months ended September 30, 2026 and 2025. Operating results for the three and nine months ended September 30, 2026 are not necessarily indicative of the results that may be expected for the year ending December 31, 2026.

The unaudited condensed consolidated financial statements include the accounts of Compass Therapeutics, Inc. and its subsidiaries, and have been prepared by the Company in conformity with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. The condensed consolidated balance sheet at December 31, 2025 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements. Accordingly, these condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (the "Annual Report").

Liquidity

Since inception, the Company has devoted substantially all its efforts to organizing and staffing, business planning, raising capital, research and development activities, building intellectual property portfolio and providing general and administrative support for these operations. The Company has funded its operations with proceeds from the sale of equity securities. Through September 30, 2026, the Company has received $568 million in gross proceeds from the sale of equity securities. As of September 30, 2026, the total of cash, cash equivalents and marketable securities was $163 million. The Company expects such cash resources will fund operating expenses and capital expenditure requirements into 2028.

2. Summary of Significant Accounting Policies

There have been no material changes to the significant accounting policies previously disclosed in the Company's Annual Report.

Recently Issued Accounting Pronouncements

In December 2025, the FASB issued ASU No. 2025-11, "Interim Reporting (Topic 270): Narrow-Scope Improvements". This ASU clarifies and improves existing interim reporting guidance by consolidating disclosure requirements within Topic 270 and introducing a disclosure principle requiring entities to disclose events and changes occurring after the most recent annual reporting period that are expected to have a material effect on the entity's financial condition or results of operations. The ASU does not introduce significant changes to recognition or measurement guidance. The amendments in this ASU are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the effect of adopting this ASU on its consolidated financial statements and disclosures.

3. Fair Value Measurements

The following tables represent the Company's financial assets that are 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):

	Fair Value Measurements as of September 30, 2026:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Assets				
Corporate bonds	$ —	$ 93,019	$ —	$ 93,019
Commercial paper	18,643	—	—	18,643
Certificates of deposit	—	6,236	—	6,236
U.S. government treasuries	1,699	—	—	1,699
Asset-backed securities	—	1,992	—	1,992
Money market funds (cash equivalents)	—	—	—	—
Total assets	$ 20,342	$ 101,247	$ —	$ 121,589

	Fair Value Measurements as of December 31, 2025:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Assets				
Corporate bonds	$ —	$ 86,636	$ —	$ 86,636
Commercial paper	68,977	—	—	68,977
Certificates of deposit	—	14,960	—	14,960
U.S. government treasuries	1,664	—	—	1,664
Asset-backed securities	—	6,026	—	6,026
Money market funds (cash equivalents)	8,383	—	—	8,383
Total assets	$ 79,024	$ 107,622	$ —	$ 186,646

4. Marketable Securities

The objectives of the Company's investment policy are to ensure the safety and preservation of invested funds, as well as to maintain liquidity sufficient to meet cash flow requirements. The Company invests its excess cash in securities issued by financial institutions, commercial companies, and government agencies that management believes to be of high credit quality in order to limit the amount of its credit exposure. The Company has not realized any net losses from its investments.

Marketable securities consist of debt securities classified as available-for-sale and are carried at fair value, with unrealized gains and losses reported in accumulated other comprehensive (loss) income. For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or whether it is more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either criterion is met, the security's amortized cost basis is written down to fair value through earnings. If neither criterion is met, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors, considering the extent to which fair value is below amortized cost, changes in credit ratings, and adverse conditions specific to the issuer. Any credit-related impairment is recognized as an allowance for credit losses, limited to the amount by which fair value is below amortized cost, with a corresponding charge to earnings. Impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive (loss) income.

As of September 30, 2026 and December 31, 2025, the Company had not recorded an allowance for credit losses on its marketable securities. The Company does not intend to sell, and it is not more likely than not that it will be required to sell, the securities in an unrealized loss position before recovery of their amortized cost basis. The Company believes the unrealized losses are attributable to changes in interest rates and not to credit-related factors.

The following tables summarize marketable securities held (in thousands):

	Fair Value Measurements as of September 30, 2026 Using:			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Assets				
Corporate bonds	$ 93,521	$ 8	$ (510)	$ 93,019
Commercial paper	18,675	—	(32)	18,643
Certificates of deposit	6,248	—	(12)	6,236
U.S. government treasuries	1,721	—	(22)	1,699
Asset-backed securities	1,990	2	—	1,992
Total assets	$ 122,155	$ 10	$ (576)	$ 121,589

	Fair Value Measurements as of December 31, 2025 Using:			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Assets				
Corporate bonds	$ 86,417	$ 223	$ (4)	$ 86,636
Commercial paper	68,943	34	—	68,977
Certificates of deposit	14,950	10	—	14,960
U.S. government treasuries	1,663	1	—	1,664
Asset-backed securities	6,010	16	—	6,026
Total assets	$ 177,983	$ 284	$ (4)	$ 178,263

	As of	
	September 30, 2026	December 31, 2025
Maturing in one year or less	$ 76,663	$ 126,119
Maturing after one year through two years	44,926	52,144
Total	$ 121,589	$ 178,263

5. Property and Equipment

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

	September 30, 2026	December 31, 2025
Equipment	$ 5,021	$ 4,741
Leasehold improvements	1,612	1,612
Software	364	364
Furniture and fixtures	22	22
Total property and equipment–at cost	7,019	6,739
Less: Accumulated depreciation	(6,617)	(6,637)
Property and equipment, net	$ 402	$ 102

Depreciation and amortization expense for each of the nine months ended September 30, 2026 and 2025 was $64 thousand and $0.3 million respectively.

6. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	September 30, 2026	December 31, 2025
Project expenses	$ 12,230	$ 8,217
Compensation and benefits	3,107	2,682
Other	1,041	484
Total accrued expenses	$ 16,378	$ 11,383

Project expenses include $12.2 million of accrued manufacturing expenses primarily related to tovecimig.

7. Commitments and Contingencies

Leases

The Company has evaluated its leases under ASC 842, *Leases*, and determined that it has one lease that is classified as an operating lease. The classification of this lease is consistent with the Company's determination under the previous accounting standard.

The terms of the Company's only corporate office and laboratory facility (the "Facility") lease were modified effective September 27, 2024 through the execution of a new lease. The modified terms extended the non-cancelable lease term through May 2031. The modified terms also included the right to use an additional 10,724 square feet that became available for the Company's use in May 2025. The classification and incremental borrowing rate of 6.25% for the lease did not change as a result of this lease modification. Right-of-use assets obtained in exchange for the new operating lease liabilities due to the lease modification were $9.9 million for a total right-of-use assets as of September 30, 2026 of $8.0 million. The remaining lease term of the Facility lease is 4.7 years as of September 30, 2026. The Company has $568 thousand of restricted cash associated with an irrevocable letter of credit required by the landlord to enter into this lease.

Lease costs related to the Facility were $0.5 million and $0.5 million for the three months ended September 30, 2026 and 2025, respectively and $1.5 million and $1.3 million for the nine months ended September 30, 2026 and 2025, respectively. Cash payments related to the Facility were $0.5 million and $0.2 million for the three months ended September 30, 2026 and 2025, respectively and $1.2 million and $0.8 million for the nine months ended September 30, 2026 and 2025, respectively.

The table below presents the undiscounted cash flows for the lease term. The undiscounted cash flows are reconciled to the operating lease liabilities recorded on the condensed consolidated balance sheet (in thousands):

Remainder of 2026	$ 363
Years ending December 31,	
2027	2,204
2028	2,249
2029	2,294
2030	2,356
2031	995
Total minimum lease payments	10,461
Less: amount of lease payments representing interest	(1,227)
Present value of future minimum lease payments	9,234
Less: operating lease obligations, current portion	(1,674)
Operating lease obligations, long-term portion	$ 7,560

Defined Contribution Plan

The Company has a 401(k) defined contribution plan (the "401(k) Plan") for substantially all its employees. Eligible employees may make pre-tax or post-tax (Roth) contributions to the 401(k) Plan up to statutory limits. The Company matches employee contributions to the plan up to 6% of salary. The Company made matching contributions of $0.2 million and $0.1 million for the three months ended September 30, 2026 and 2025, respectively. The Company made matching contributions of $0.4 million and $0.3 million for the nine months ended September 30, 2026 and 2025, respectively.

8. Stock-Based Compensation

Stock-based compensation expense for the three and nine months ended September 30, 2026 and 2025 was classified in the condensed consolidated statement of operations as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
			(000's)	
Research and development	$ 1,860	$ 852	$ 6,032	$ 2,516
General and administrative	2,147	386	7,870	4,027
Total	$ 4,007	$ 1,238	$ 13,902	$ 6,543

As of September 30, 2026, the remaining unrecognized stock-based compensation cost from all plans to be recognized in future periods totaled $42.1 million.

2020 Plan

In June 2020, the Company's board of directors adopted the 2020 Stock Option and Incentive Plan (the "2020 Plan") and reserved 2.9 million shares of common stock for issuance under this plan. The 2020 Plan includes automatic annual increases. The increase on January 1, 2026 was 7.1 million shares. As of September 30, 2026, 4.5 million shares remain available for grant.

The 2020 Plan authorizes the board of directors or a committee of the board to grant incentive stock options, nonqualified stock options, restricted stock awards and restricted stock units ("RSUs") to eligible officers, employees, consultants and directors of the Company. Options generally vest over a period of four years and have a contractual life of ten years from the date of grant.

2025 Inducement Plan

In December 2025, the Company's board of directors adopted the Compass Therapeutics, Inc. 2025 Inducement Plan (the "Inducement Plan"). The maximum number of shares of common stock reserved and available for issuance under the Inducement Plan is four million shares. As of September 30, 2026, a total of two million options were granted as part of the Inducement Plan to two new officers as a material inducement for those officers to join the Company.

Stock Options:

The following table summarizes the stock option activity for the 2020 Plan and the Inducement Plan:

	Number of Unvested Options (000's)	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value ($000's)
Outstanding at December 31, 2025	16,352	$ 3.13	6.69	$ 36,614
Granted	10,026	$ 4.97	9.25	—
Exercised	(2,361)	$ 3.62	—	5,291
Forfeited/canceled	(134)	$ 3.86	—	21
Outstanding at September 30, 2026	23,883	$ 3.85	7.93	$ —
Vested at September 30, 2026	10,842	$ 3.48	6.82	$ —

For the nine months ended September 30, 2026, the weighted average grant date fair value for options granted was $3.64. There was no intrinsic value for options vested as of September 30, 2026. As of September 30, 2026, the total unrecognized compensation cost related to outstanding options was $37.5 million, to be recognized over a weighted average period of 1.4 years.

For the nine months ended September 30, 2025, the weighted average grant date fair value for options granted was $2.68. The intrinsic value for options vested as of September 30, 2025, was $6.0 million. As of September 30, 2025, the total unrecognized compensation cost related to outstanding options was $15.5 million, to be recognized over a weighted average period of 1.4 years.

The weighted average assumptions used in the Black-Scholes pricing model to determine the fair value of stock options granted during the nine months ended September 30, 2026 and 2025 were as follows:

	Nine Months Ended September 30,	
	2026	2025
Expected term (in years)	6.0	6.0
Risk-free rate	3.88%	4.27%
Expected volatility	85%	86%
Expected dividend yield	—	—

RSUs:

The following table summarizes the RSU activity for the 2020 Plan and the Inducement Plan:

	Shares (000's)	Weighted Average Price Per Share	Weighted Average Fair Value ($000's)
Unvested, December 31, 2025	1,028	$ 2.33	$ 2,395
Granted	862	5.17	4,458
Vested	(284)	2.81	(798)
Forfeited or canceled	—	—	—
Unvested, September 30, 2026	1,606	$ 3.77	$ 6,055

The weighted average price per share is the weighted grant price based on the closing market price of each of the stock grants. The weighted average fair value is the weighted average share price times the number of shares.

As of September 30, 2026, the remaining unrecognized compensation cost related to RSUs to be recognized in future periods totaled $4.6 million, which is expected to be recognized over a weighted average period of 1.4 years.

9. Stockholders' Equity

2025 Underwritten Offering

On August 12, 2025, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Jefferies LLC, Piper Sandler & Co., and Guggenheim Securities, LLC, as representatives (the "Representatives") of the underwriters named therein (the "Underwriters"), pursuant to which the Company agreed to issue and sell an aggregate of (a) 33,290,000 shares (the "Firm Shares") of its common stock, par value $0.0001 per share (the "Common Stock"), at a price to the public of $3.00 per share, and (b) pre-funded warrants to purchase up to 6,710,000 shares of the Company's Common Stock (the "Pre-Funded Warrants"), at a price to the public of $2.9999 per warrant with an exercise price of $0.0001 per share (the "Offering"). Pursuant to the Underwriting Agreement, the Company granted the underwriters a 30-day option, which the underwriters exercised, to purchase up to an additional 6,000,000 shares of its Common Stock (the "Optional Shares", and together with the Firm Shares, the "Shares") at the public offering price, less underwriting discounts and commissions. The Company received aggregate net proceeds of $129.3 million, after deducting underwriting discounts and commissions of $8.3 million and other offering costs of $0.4 million.

The 2025 Pre-Funded Warrants were determined to be equity classified. Accordingly, proceeds from the offering were allocated to common stock, the 2025 Pre-Funded Warrants on a relative fair value basis and were recorded in stockholders' equity. As of September 30, 2026, all of the 2025 Pre-Funded Warrants remain outstanding.

10. Basic and Diluted Net Loss Per Share

Basic net loss per share has been computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is calculated by dividing net loss by the weighted-average number of shares of common stock plus potentially dilutive securities outstanding during the period. Potential shares of common stock exercisable for little or no consideration are included in both basic and diluted weighted-average number of shares of common stock outstanding.

During the three and nine months ended September 30, 2026, basic and diluted weighted-average number of shares outstanding were 186.8 million and 186.7 million shares, respectively, and included pre-funded warrants to purchase 6.7 million shares of common stock with an exercise price of $0.0001 per share. During the three and nine months ended September 30, 2025, basic and diluted weighted-average number of shares outstanding were 168.8 million and 148.5 million shares, respectively, and included pre-funded warrants to purchase 6.7 million shares of common stock with an exercise price of $0.0001 per share.

The computation of diluted net loss per share for the three and nine months ended September 30, 2026 excluded 25.5 million shares subject to outstanding stock options and restricted stock units because their inclusion would have had an anti-dilutive effect on diluted net loss per share. The computation of diluted net loss per share for the three and nine months ended September 30, 2025 excluded 18.4 million shares subject to outstanding stock options and restricted stock units because their inclusion would have had an anti-dilutive effect on diluted net loss per share. The following potentially dilutive securities (in common stock equivalents) have been excluded from the computation of diluted weighted-average shares outstanding for the three and nine months ended September 30, 2026 and 2025, as they would be antidilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Stock options	23,883,667	17,162,862	23,883,667	17,162,862
Restricted stock units	1,606,250	1,278,125	1,606,250	1,278,125

11. License, Research and Collaboration Agreements

Collaboration Agreements

ABL Bio Corporation ("ABL Bio") Agreement

In November 2018, the Company and ABL Bio, a South Korean biotechnology company, entered into an exclusive global (excluding South Korea) license agreement which granted the Company a license to tovecimig (ABL001), ABL Bio's bispecific antibody targeting DLL4 and VEGF-A. Under the terms of the agreement, the two companies would jointly develop tovecimig, with ABL Bio responsible for development of tovecimig throughout the end of Phase 1 clinical trials and the Company responsible for the development of tovecimig from Phase 2 and onward. ABL Bio received a $5 million upfront payment and $6 million development milestone payment. In addition, ABL Bio is eligible to receive up to $96 million of development and regulatory milestone payments, and up to $303 million of commercial milestone payments and tiered single-digit royalties on net sales of tovecimig in oncology.

In May 2021, the Company and ABL Bio terminated license agreements to several preclinical assets. As a result of the return of these assets to ABL Bio and termination of the license agreements, the Company is eligible to receive royalty payments if ABL Bio develops or licenses two bispecific antibodies that were previously licensed to the Company.

Adimab Agreement

The Company entered into a collaboration agreement with Adimab, LLC on October 16, 2014. The agreement includes provisions for payment of royalties at rates ranging in the single digits as a percentage of future net sales within a specified term from the first commercial sale for certain antibodies, including our product candidate, CTX-471. There were no milestone payments made during the nine months ended September 30, 2026. As of September 30, 2026, future potential milestone payments in connection with this agreement amounted to $2.0 million.

12. Segment Information

Segment reporting is prepared on the same basis that our chief executive officer, who is our Chief Operating Decision Maker, manages the business, makes operating decisions and assesses performance. The Company operates in one segment. The Company's business is research and development of drug candidates. Costs, including supplies, outsourced development, and other research and development costs are tracked by major program. While internal personnel costs are tracked by program for overall program spending, it is not broken out for management review. Facility and equipment costs are not allocated to programs. Research and development expenses are summarized by program in the table below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Personnel	$ 4,578	$ 2,324	$ 13,850	$ 9,049
General	1,780	1,540	4,746	3,353
Tovecimig	12,382	2,765	27,672	17,193
CTX-471	1,218	1,493	2,963	3,952
CTX-8371	1,259	481	3,266	2,055
CTX-10726	822	4,223	2,504	6,695
Research and development	22,039	12,826	55,001	42,297
Personnel	4,062	1,652	13,515	8,056
General	2,699	1,339	7,562	4,496
General and administrative	6,761	2,991	21,077	12,552
Interest income	1,629	1,558	5,436	4,076
Net loss	$ (27,171)	$ (14,259)	$ (70,642)	$ (50,773)

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

The following discussion of the financial condition and results of operations of Compass Therapeutics, Inc. should be read in conjunction with the financial statements and the notes to those statements included in this Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2026. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risk, uncertainties and assumptions. You should read the "Risk Factors" section of this Quarterly Report on Form 10-Q and the "Risk Factors" section included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a clinical-stage, oncology-focused biopharmaceutical company developing proprietary antibody-based therapeutics to treat multiple human diseases. Our scientific focus is on the relationship between angiogenesis, the immune system, and tumor growth. Our pipeline of novel product candidates is designed to target multiple components required for an effective anti-tumor response. These include modulation of the microvasculature via angiogenesis-targeted agents, induction of a potent immune response via activators on effector cells in the tumor microenvironment, and alleviation of immunosuppressive mechanisms used by tumors to evade immune surveillance. We plan to advance our product candidates through clinical development as both standalone therapies and in combination with proprietary pipeline antibodies based on supportive clinical and nonclinical data.

Our pipeline comprises four clinical product candidates. Our lead product candidate, tovecimig (formerly known as CTX-009), is a bispecific antibody targeting Delta-like ligand 4 ("DLL4"), a ligand of Notch-1, and vascular endothelial growth factor A ("VEGF-A"). Simultaneous blockade of the VEGF-A and the Notch pathways is known to turn productive angiogenesis into non-productive angiogenesis, which leads to tumor shrinkage and apoptosis. CTX-471 is an agonistic antibody targeting a member of the tumor necrosis factor receptor superfamily (TNFRSF9), also known as CD-137, a co-stimulatory receptor which is mostly expressed on activated, but not on resting, T-cells and NK cells. CTX-8371 is a bispecific antibody targeting the programmed cell death protein-1 ("PD-1"), an inhibitory immune checkpoint receptor and its ligand PD-L1, two validated immune-oncology targets. CTX-10726 is a bispecific antibody targeting PD-1 and VEGF-A, also two validated immune-oncology targets. For a more detailed description, see our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Recent Developments

Updates on Tovecimig in the Second Line Setting for Patients with BTC

In September 2026, we announced receipt of written communication from the FDA in which they recommended that we conduct a trial to demonstrate a survival benefit prior to submitting a BLA for tovecimig. We do not believe a new trial is warranted prior to submitting a BLA based on the data from the Phase 2/3 COMPANION-002 study and the urgent unmet medical need for patients with BTC. As a result, we intend to further engage with the FDA, as we continue to prepare a BLA submission for tovecimig.

The study met the primary endpoint of overall response rate ("ORR") with 18.0% in the tovecimig combination arm compared to 5.3% in the paclitaxel control arm ($p=0.0228$), including one complete response in the tovecimig arm. The tovecimig combination arm also demonstrated a statistically significant improvement versus paclitaxel alone in the secondary endpoint of median progression-free survival of 4.7 months versus 2.6 months, providing a 56% reduction in the risk of progression (hazard ratio=0.44, $p<0.0001$). Secondary endpoint analyses of overall survival (OS) were confounded by both high crossover (54%) and notably prolonged survival in crossover patients randomized to the control arm then treated with tovecimig and, therefore, did not meet statistical significance.

Data from the COMPANION-002 study was the subject of a proffered paper oral presentation at the 2026 ESMO Congress in October 2026 and were also published in the Journal of Clinical Oncology, following independent peer review.

Tovecimig Investigator Sponsored Trials

There are currently three ongoing investigator sponsored trials ("ISTs") of tovecimig: a study of tovecimig in combination with the current first-line, standard-of-care regimen of gemcitabine, cisplatin, and durvalumab in patients with BTC (NCT06548412);a study of tovecimig plus CTX-471 in patients with glioblastoma in the second line setting (NCT07392957); and a study of tovecimig plus FOLFIRI in patients with colorectal cancer in the second line setting (NCT07662031).

CTX-10726 (PD-1 x VEGF-a bispecific antibody)

Data demonstrating a novel mechanism of action for CTX-10726 was presented at the SITC 2026 Annual Meeting, highlighting its differentiated profile in the field. In preclinical studies, CTX-10726 was shown to cleave PD-1 receptors from t-cells in tumors expressing high levels of VEGF-A, linking tumor angiogenic signaling directly to checkpoint control. This VEGF-A-mediated effect was seen in vitro and in vivo with CTX-10726, and not seen with pembrolizumab or bevacizumab.

OPERATING ACTIVITIES

We have funded our operations primarily with proceeds from the sale of our equity securities. Through September 30, 2026, we have received $568 million in gross proceeds from the sale of equity securities.

We have incurred significant operating losses since inception and have not generated any revenue from the sale of products and we do not expect to generate any revenue from the sale of products in the near future, if at all. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of our therapies and any future product candidates. Our net losses were $27.2 million and $14.3 million for the three months ended September 30, 2026 and 2025, respectively. Our net losses were $70.6 million and $50.8 million for the nine months ended September 30, 2026 and 2025, respectively. We had an accumulated deficit of $502 million on September 30, 2026. We expect to continue to incur significant expenses for at least the next several years as we advance through clinical development, develop additional product candidates and seek regulatory approval of any product candidates that complete clinical development. In addition, if we obtain marketing approval for any product candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. We may also incur expenses in connection with the in-licensing or acquisition of additional product candidates.

As a result, we will need substantial additional funding to support our continuing operations and pursue our growth strategy. Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through equity and debt financings, or other capital sources, which may include collaborations with other companies or other strategic transactions. As of September 30, 2026, we had $163 million in cash, cash equivalents and marketable securities. We expect that such cash resources will enable us to fund our operating expenses and capital expenditure requirements into 2028. We may be unable to raise additional funds or enter into such other agreements or arrangements when needed on favorable terms, or at all. If we fail to raise capital or enter into such agreements as and when needed, we may have to significantly delay, reduce or eliminate the development and commercialization of one or more of our product candidates or delay our pursuit of potential in-licenses or acquisitions.

Because of the numerous risks and uncertainties associated with product development, we are unable to predict the timing or amount of increased expenses or when, or if, we will be able to achieve or maintain profitability. Even if we are able to generate product sales, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

At-The-Market ("ATM") Offering

In December 2025, we entered into a Sales Agreement for our ATM offering with Leerink Partners LLC and Cantor Fitzgerald & Co. In the first nine months of 2026, we did not sell any shares of common stock under this agreement.

Components of Results of Operations

Research and Development

Research and development expenses consist primarily of costs incurred in connection with the development of our product candidates, tovecimig, CTX-471, CTX-8371 and CTX-10726. We expense research and development costs as incurred. These expenses include:

- clinical expenses including Contract Research Organizations ("CRO"), consultants that conduct our clinical trials, as well as investigative sites;
- manufacturing expenses including Contract Manufacturing Organizations ("CMO"), consultants that are primarily engaged to develop and manufacture drug substance and product for our clinical trials, as well as the cost of acquiring and manufacturing clinical trial materials, including manufacturing registration and validation batches;
- employee-related expenses including salaries, related benefits and equity-based compensation expense for employees engaged in research and development functions;
- other research and development expenses including pre-clinical study costs and expenses incurred under agreements with organizations that support our platform program development;
- costs related to compliance with quality and regulatory requirements; and
- facilities and equipment expenses.

Advance payments that we make for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. Such amounts are recognized as an expense as the goods are delivered or the related services are performed, or until it is no longer expected that the goods will be delivered or the services rendered.

Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect that our research and development expenses may increase substantially in connection with our planned clinical development activities in the future. At this time, we cannot accurately estimate or know the nature, timing and costs of the efforts that will be necessary to complete the clinical development of any future product candidates.

Our clinical development costs may vary significantly based on factors such as:

- per patient trial costs;
- the number of trials required for approval;
- the number of sites included in the trials;
- the location where the trials are conducted;
- the length of time required to enroll eligible patients;
- the number of patients that participate in the trials;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients;
- potential additional safety monitoring requested by regulatory agencies;

- the duration of patient participation in the trials and follow-up;
- the cost and timing of manufacturing our product candidates;
- the phase of development of our product candidates; and
- the efficacy and safety profile of our product candidates.

The successful development and commercialization of product candidates is highly uncertain. This is due to the numerous risks and uncertainties associated with product development and commercialization.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related costs for personnel in executive, finance, business development and administrative functions. General and administrative expenses also include legal fees relating to patent and corporate matters, professional fees for accounting, auditing, tax, insurance, administrative travel expenses and other operating costs.

We anticipate that our general and administrative expenses may increase in the future to support our business operations.

Interest Income

Interest income consists of interest income on marketable securities.

Results of Operations

Comparison of the Three Months Ended September 30, 2026 and 2025

The following table summarizes our results of operations for the three months ended September 30, 2026 and 2025 (in thousands):

	Three Months Ended September 30,		
	2026	2025	Change
Operating expenses:			
Research and development	$ 22,039	$ 12,826	$ 9,213
General and administrative	6,761	2,991	3,770
Total operating expenses	28,800	15,817	12,983
Loss from operations	(28,800)	(15,817)	(12,983)
Interest income	1,629	1,558	71
Net loss	$ (27,171)	$ (14,259)	$ (12,912)

Research and Development Expenses

Research and development expenses increased by $9.2 million, or 72%, for the three months ended September 30, 2026, as compared to the three months ended September 30, 2025. The increase was primarily driven by $8.6 million of manufacturing costs related to tovecimig.

We track outsourced development, personnel costs and other research and development costs of specific programs. Research and development expenses are summarized by program in the table below (in thousands):

	Three Months Ended September 30,	
	2026	2025
Tovecimig	$ 14,446	$ 3,316
CTX-471	1,603	2,497
CTX-8371	1,663	773
CTX-10726	1,167	4,638
Unallocated research and development expenses	3,160	1,602
Total research and development expenses	$ 22,039	$ 12,826

General and Administrative Expenses

General and administrative expenses increased by $3.8 million, or 126%, for the three months ended September 30, 2026, as compared to the same period in 2025. The increase was primarily due to an increase of $1.8 million in stock-based compensation expense and $1.5 million of pre-commercialization expenses.

Comparison of the Nine Months Ended September 30, 2026 and 2025

The following table summarizes our results of operations for the nine months ended September 30, 2026 and 2025 (in thousands):

	Nine Months Ended September 30,		
	2026	2025	Change
Operating expenses:			
Research and development	$ 55,001	$ 42,297	$ 12,704
General and administrative	21,077	12,552	8,525
Total operating expenses	76,078	54,849	21,229
Loss from operations	(76,078)	(54,849)	(21,229)
Interest income	5,436	4,076	1,360
Net loss	$ (70,642)	$ (50,773)	$ (19,869)

Research and Development Expenses

Research and development expenses increased by $12.7 million, or 30%, for the nine months ended September 30, 2026, as compared to the nine months ended September 30, 2025. This was primarily driven by an increase of $11.1 million of manufacturing expense related to tovecimig.

We track outsourced development, personnel costs and other research and development costs of specific programs. Research and development expenses are summarized by program in the table below (in thousands):

	Nine Months Ended September 30,	
	2026	2025
Tovecimig	$ 33,386	$ 18,363
CTX-471	4,622	7,256
CTX-8371	4,676	3,224
CTX-10726	3,873	8,049
Unallocated research and development expenses	8,444	5,405
Total research and development expenses	$ 55,001	$ 42,297

General and Administrative Expenses

General and administrative expenses increased by $8.5 million, or 68%, for the nine months ended September 30, 2026, as compared to the same period in 2025. This was primarily driven by an increase of $3.8 million of stock-based compensation expense and $4.6 million of pre-commercialization expenses.

Liquidity and Capital Resources

Since our inception, we have devoted substantially all of our efforts to organizing and staffing our Company, business planning, raising capital, research and development activities, building our intellectual property portfolio and providing general and administrative support for these operations. We have funded our operations primarily with proceeds from the sale of our equity securities. Through September 30, 2026, we have received $568 million in gross proceeds from the sale of equity securities. As of September 30, 2026, we had cash, cash equivalents and marketable securities of $163 million.

Cash Flows

The following table shows a summary of our cash flows for the periods indicated (in thousands):

	Nine Months Ended September 30,	
	2026	2025
Cash used in operating activities	$ (48,324)	$ (35,889)
Cash provided by (used in) investing activities	55,785	(89,928)
Cash provided by financing activities	3,365	128,546
Net change in cash and cash equivalents	$ 10,826	$ 2,729

Operating Activities

During the nine months ended September 30, 2026, we used $48.3 million of cash in operating activities, resulting from our net loss of $70.6 million, partially offset by the change in operating assets and liabilities of $7.6 million and non-cash charges of $14.7 million (primarily from share-based compensation expense of $13.9 million).

During the nine months ended September 30, 2025, we used $35.9 million of cash in operating activities, resulting from our net loss of $50.8 million partially offset by the change in operating assets and liabilities of $7.7 million and non-cash charges of $7.2 million (primarily from share-based compensation expense of $6.5 million).

Investing Activities

During the nine months ended September 30, 2026, $55.8 million of cash was provided by investing activities related to the net sales of marketable securities. During the nine months ended September 30, 2025, $90.0 million of cash was used in investing activities related to the net purchases of marketable securities.

Financing Activities

During the nine months ended September 30, 2026, $3.9 million of cash was provided by financing activities due to the exercise of stock options, partially offset by $0.5 million of taxes paid by us for settlement of RSU shares. During the nine months ended September 30, 2025, $128.5 million of cash was provided by financing activities due to the issuance of common shares.

Future Funding Requirements

We expect our expenses to increase substantially in connection with our ongoing activities. The timing and amount of our operating expenditures will depend largely on:

- the initiation, progress, timing, costs and results of clinical trials for our product candidates or any future product candidates we may develop;
- the initiation, progress, timing, costs and results of nonclinical studies for our product candidates or any future product candidates we may develop;
- our ability to maintain our relationships with key collaborators;
- the outcome, timing and cost of seeking and obtaining regulatory approvals from the FDA and comparable foreign regulatory authorities, including the potential for such authorities to require that we perform more nonclinical studies or clinical trials than those that we currently expect or change their requirements on studies that had previously been agreed to;
- the cost to establish, maintain, expand, enforce and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with licensing, preparing, filing, prosecuting, defending and enforcing any patents or other intellectual property rights;
- the effect of competing technological and market developments;
- the costs of continuing to grow our business, including hiring key personnel and maintaining or acquiring operating space;
- market acceptance of any approved product candidates, including product pricing, as well as product coverage and the adequacy of reimbursement by third-party payors;
- the cost of acquiring, licensing or investing in additional businesses, products, product candidates and technologies;
- the cost and timing of selecting and validating a manufacturing site for commercial-scale manufacturing; and
- the cost of establishing sales, marketing and distribution capabilities for any product candidates for which we may receive regulatory approval and that we determine to commercialize.

We believe that our existing cash, cash equivalents and marketable securities as of filing of this Quarterly Report on Form 10-Q will enable us to fund our operating expenses and capital expenditure requirements into 2028. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect. Our current plans, which may change based on clinical or pre-clinical results, include studies for tovecimig, CTX-471, CTX-8371 and CTX-10726. We expect that we will require additional funding to complete the clinical development of these programs including the payment of developmental milestones, commercializing our product candidates, if we receive regulatory approval, and pursuing in-licenses or acquisitions of other product candidates. If we receive regulatory approval for tovecimig, CTX-471, CTX-8371, CTX-10726 or other product candidates, we expect to incur significant commercialization expenses related to product manufacturing, sales, marketing and distribution, depending on where we choose to commercialize these product candidates ourselves.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity and debt financings, collaborations, strategic alliances, and marketing, distribution or licensing arrangements with third parties. To the extent that we raise additional capital through the sale of equity or convertible debt securities, ownership interest may be materially diluted, and the terms of such securities could include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include restrictive covenants that limit our ability to take specified actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings or other arrangements when needed, we may be required to delay, reduce or eliminate our product development or future commercialization efforts, or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). The preparation of our consolidated financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenses during the reporting period. 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. Our actual results may differ from these estimates under different assumptions or conditions.

During the nine months ended September 30, 2026, there were no material changes to our critical accounting estimates described under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Annual Report.

Recently Issued and Adopted Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2, "Summary of Significant Accounting Policies" to our condensed financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Smaller Reporting Company Status

We are a "smaller reporting company" as defined in the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We may continue to be a smaller reporting company if either (i) the market value of our shares held by non-affiliates is less than $250 million as of the last business day of the most recently completed second fiscal quarter or (ii) our annual revenue was less than $100 million during the most recently completed fiscal year and the market value of our shares held by non-affiliates was less than $700 million as of the last business day of the most recently completed second fiscal quarter. As a smaller reporting company, we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and have reduced disclosure obligations regarding executive compensation, and if we are a smaller reporting company with less than $100 million in annual revenue, we would not be required to obtain an attestation report on internal control over financial reporting issued by our independent registered public accounting firm.

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.

Item 4. Controls and Procedures.

Management's Evaluation of Our Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of September 30, 2026. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2026, our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer) concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, that occurred during the quarter ended September 30, 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

As of the date of this Quarterly Report on Form 10-Q, we are not involved in any material legal proceedings. However, from time to time, we could be subject to various legal proceedings and claims that arise in the ordinary course of our business activities. Regardless of the outcome, legal proceedings can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, which could materially affect our business, financial condition, or results of operations. There has been no material change in the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2025, with the exception of the following risk factors:

Our second amended and restated bylaws designate certain courts as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our second amended and restated bylaws (the "bylaws") provide that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any state law claims for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers and employees to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our bylaws (in each case, as they may be amended from time to time), (iv) any action to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our bylaws (in each case, as they may be amended from time to time) or (v) any action asserting a claim against us that is governed by the internal affairs doctrine; provided, however, that this exclusive forum provision will not apply to any causes of action arising under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act. Our bylaws further provide that, unless we consent in writing to an alternative forum, the United States District Courts for the District of Delaware and District of Massachusetts will be the sole and exclusive forums for resolving any complaint asserting a cause of action arising under the Securities Act. In addition, our bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the foregoing provisions. We recognize that the forum selection clause in our bylaws may impose additional litigation costs on stockholders in pursuing any such claims, particularly if the stockholders do not reside in or near the State of Delaware or the Commonwealth of Massachusetts, as applicable. Additionally, the forum selection clause in our bylaws may limit our stockholders' ability to bring a claim in a forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers and employees even though an action, if successful, might benefit our stockholders. The Court of Chancery of the State of Delaware or the United States District Courts for the District of Delaware or the District of Massachusetts may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

Our business could be adversely affected by economic downturns, inflation, increases in interest rates, natural disasters, public health crises, political crises, government shutdowns, geopolitical events, or other macroeconomic conditions, which could have a material and adverse effect on our results of operations and financial condition.

The global economy, including credit and financial markets, has experienced extreme volatility and disruptions, including, among other things, diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, supply chain shortages, increases in inflation rates, higher interest rates, international tariffs and uncertainty about economic stability. The Federal Reserve had raised interest rates multiple times in response to concerns about inflation until recently, and it may raise them again. Higher interest rates, coupled with reduced government spending and volatility in financial markets, may increase economic uncertainty and affect consumer spending. In addition, in July 2026, the U.S. imposed tariffs ranging from approximately 10% - 12.5% on virtually all imports to the U.S. The U.S. has also imposed significantly higher tariffs applicable to certain imports in select industries, including certain pharmaceuticals. These actions have resulted in other countries imposing additional tariffs on imports from the U.S., and may result in more retaliatory tariffs. Current or future tariffs could result in increased research and development expenses, including with respect to increased costs associated with active pharmaceutical ingredients, raw materials, laboratory equipment and research materials and components. There can be no assurance that deterioration in credit and financial markets and confidence in economic conditions will not occur. Similarly, global geopolitical disruptions, including civil or political unrest or military conflicts such as between Russia and Ukraine, between the U.S. and Iran in the Middle East and U.S.'s rising tensions with China have created extreme volatility in the global capital markets and commodity prices and may have further global economic consequences, including disruptions of the global supply chain. Any such volatility and disruptions may adversely affect our business or the third parties on whom we rely. If the equity and credit markets deteriorate, including as a result of political unrest or war, it may make any necessary debt or equity financing more costly, more dilutive, or more difficult to obtain in a timely manner or on favorable terms, if at all. Increased inflation rates can adversely affect us by increasing our costs, including labor and employee benefit costs.

We may in the future experience disruptions as a result of such macroeconomic conditions, including delays or difficulties in initiating or expanding clinical trials and manufacturing sufficient quantities of materials. Any one or a combination of these events could have a material and adverse effect on our results of operations and financial condition.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the three-month period ended September 30, 2026, none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted, terminated or modified a Rule 10b5-1 trading arrangement or any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

Item 6. Exhibits.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed with the SEC on June 23, 2020).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on June 23, 2026).
4.1	Form of Pre-Funded Warrant (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on August 13, 2025).
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** This exhibit is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall such exhibits be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act or the Exchange Act, except as otherwise stated in such filing.

SIGNATURES

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

Compass Therapeutics, Inc.

Date: November 9, 2026 By: /s/ Thomas Schuetz
Thomas Schuetz
Principal Executive Officer

Date: November 9, 2026 By: /s/ Barry Shin
Barry Shin
Principal Financial Officer

Date: November 9, 2026 By: /s/ Neil Lerner
Neil Lerner
Principal Accounting Officer