UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2021

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: 001-35945

EPIZYME, INC.

(Exact name of registrant as specified in its charter)

Delaware	**26-1349956**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
400 Technology Square, 4th Floor Cambridge, Massachusetts	**02139**
(Address of principal executive offices)	**(Zip code)**

617-229-5872
(Registrant's telephone number, including area code)

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	**EPZM**	**Nasdaq Global Select Market**

The number of shares outstanding of the registrant's common stock as of April 30, 2021: 101,975,604 shares.

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See 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 ☒

Forward-looking Information

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. These statements may be identified by such forward-looking terminology as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “target,” “potential,” “will,” “would,” “could,” “should,” “continue,” and similar statements or variations of such terms. Our forward-looking statements are based on a series of expectations, assumptions, estimates and projections about our company, are not guarantees of future results or performance and involve substantial risks and uncertainty. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in these forward-looking statements. Our business and our forward-looking statements involve substantial known and unknown risks and uncertainties, including the risks and uncertainties inherent in our statements regarding:

- our plans to develop and commercialize novel epigenetic therapies for patients with cancer;
- the ongoing commercialization of TAZVERIK;
- our sales, marketing and distribution capabilities and strategies, including for the commercialization and manufacturing of TAZVERIK and any future products;
- the rate and degree of market acceptance and clinical utility of TAZVERIK and any future products;
- our ongoing and planned clinical trials, including the timing of initiation and enrollment in the trials, the timing of availability of data from the trials and the anticipated results of the trials;
- the timing of and our ability to apply for, obtain and maintain regulatory approvals for tazemetostat in epithelioid sarcoma, follicular lymphoma and other indications and for any future product candidates;
- our ability to achieve anticipated milestones under our collaborations or to enter into additional collaborations;
- the impact of the COVID-19 pandemic on our business, results of operations, and financial condition;
- our intellectual property position; and
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing.

All of our forward-looking statements are made as of the date of this Quarterly Report on Form 10-Q only. In each case, actual results may differ materially from such forward-looking information as a result of various important factors. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of or any material adverse change in one or more of the risk factors or risks and uncertainties referred to in this Quarterly Report on Form 10-Q or our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, or our Annual Report, or included in our other public disclosures or our other periodic reports or other documents or filings filed with or furnished to the Securities and Exchange Commission, or the SEC, could materially and adversely affect our business, prospects, financial condition and results of operations. Except as required by law, we do not undertake or plan to update or revise any such forward-looking statements to reflect actual results, changes in plans, assumptions, estimates or projections or other circumstances affecting such forward-looking statements occurring after the date of this Quarterly Report on Form 10-Q, even if such results, changes or circumstances make it clear that any forward-looking information will not be realized. Any public statements or disclosures by us following this Quarterly Report on Form 10-Q which modify or impact any of the forward-looking statements contained in this Quarterly Report on Form 10-Q will be deemed to modify or supersede such statements in this Quarterly Report on Form 10-Q.

Our management’s discussion and analysis of our financial condition and results of operations are based upon our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, which have been prepared by us in accordance with accounting principles generally accepted in the United States of America, or GAAP, for interim periods and with Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Our management’s discussion and analysis should be read in conjunction with these unaudited condensed consolidated financial statements and the notes thereto as well as in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report. The three months ended March 31, 2021 and 2020 are referred to as the first quarter of 2021 and 2020, respectively.

Note regarding certain references in this Quarterly Report on Form 10-Q

Unless otherwise stated or the context indicates otherwise, all references herein to “Epizyme,” “Epizyme, Inc.,” “we,” “us,” “our,” “our company,” “the Company” and similar references refer to Epizyme, Inc. and its wholly owned subsidiary, Epizyme Securities Corporation.

In addition, unless otherwise stated or the context indicates otherwise, all references in this Quarterly Report on Form 10-Q to “TAZVERIK (tazemetostat)” and “TAZVERIK” refer to tazemetostat in the context of the commercially-available product for which we received accelerated approval from the United States Food and Drug Administration in January 2020 for epithelioid sarcoma and in June 2020 for follicular lymphoma, as more fully described herein; whereas, unless otherwise stated or the context indicates otherwise, all references herein to “tazemetostat” refer to tazemetostat in the context of the product candidate for which we are exploring further applications and indications, as more fully described herein.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

EPIZYME, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(Amounts in thousands, except per share data)

	March 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 73,711	$ 168,215
Marketable securities	225,232	205,391
Accounts receivable, net	9,764	3,105
Inventory	14,817	10,461
Prepaid expenses and other current assets	16,893	17,921
Total current assets	340,417	405,093
Property and equipment, net	2,035	2,152
Operating lease assets	16,272	17,305
Intangible assets, net	45,964	47,002
Restricted cash and other assets	2,023	2,021
Total assets	$ 406,711	$ 473,573
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 5,357	$ 10,163
Accrued expenses	23,853	28,572
Current portion of operating lease obligation	4,796	4,665
Deferred revenue	5,000	—
Total current liabilities	39,006	43,400
Operating lease obligation, net of current portion	14,150	15,409
Related party long-term debt, net of debt discount	215,858	215,670
Other long-term liabilities	20	21
Related party liability related to sale of future royalties	14,646	14,176
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 5,000 shares authorized; 338 shares issued and outstanding (equivalent to 3,378 shares of common stock upon conversion at a 10:1 ratio)	36,127	36,127
Common stock, $0.0001 par value; 150,000 shares authorized; 101,969 shares and 101,627 shares issued and outstanding, respectively	10	10
Additional paid-in capital	1,145,875	1,137,470
Accumulated other comprehensive income	6	3
Accumulated deficit	(1,058,987)	(988,713)
Total stockholders' equity	123,031	184,897
Total liabilities and stockholders' equity	$ 406,711	$ 473,573

See notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2021	2020
Revenue:		
Product revenue, net	$ 6,191	$ 1,284
Collaboration and other revenue	1,440	70
Total revenue	7,631	1,354
Operating expenses:		
Cost of revenue	2,853	614
Research and development	32,704	25,163
Selling, general and administrative	36,411	26,927
Total operating expenses	71,968	52,704
Operating loss	(64,337)	(51,350)
Other (expense) income, net:		
Interest (expense) income, net	(5,476)	756
Other income (expense), net	9	(48)
Related party non-cash interest expense related to sale of future royalties	(470)	(295)
Other (expense) income, net	(5,937)	413
Net loss	$ (70,274)	$ (50,937)
Other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale securities	3	(94)
Comprehensive loss	$ (70,271)	$ (51,031)
Net loss per share attributable to common stockholders:		
Basic	$ (0.69)	$ (0.51)
Diluted	$ (0.69)	$ (0.51)
Weighted-average common shares outstanding used in net loss per share attributable to common stockholders:		
Basic	101,790	99,616
Diluted	101,790	99,616

See notes to condensed consolidated financial statements.

EPIZYME, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Amounts in thousands)

	Three Months Ended March 31,	
	2021	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (70,274)	$ (50,937)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,282	512
Stock-based compensation	7,015	6,510
Amortization of discount (premium) on investments	363	(270)
Amortization of debt discount	188	83
Loss on disposal of property and equipment	—	19
Non-cash interest expense associated with the sale of future royalties	470	295
Changes in operating assets and liabilities:		
Accounts receivable	(6,659)	918
Inventory	(4,356)	(1,703)
Prepaid expenses and other current assets	1,028	(7,104)
Accounts payable	(4,816)	(2,716)
Accrued expenses	(4,719)	(4,489)
Deferred revenue	5,000	—
Operating lease assets	1,033	733
Operating lease liabilities	(1,128)	(155)
Other assets and liabilities	(2)	36
Net cash used in operating activities	(75,575)	(58,268)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of available-for-sale securities	(120,589)	(13,999)
Maturities of available-for-sale securities	100,389	58,578
Purchase of intangible asset	-	(25,000)
Purchases of property and equipment	(119)	(63)
Net cash (used in) provided by investing activities	(20,319)	19,516
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of offering costs	—	(79)
Proceeds from the issuance of debt	—	25,000
Payment of debt issuance costs	—	(90)
Proceeds from the issuance of common stock in connection with the exercise of the Put Option, net of financing costs	—	49,915
Proceeds from stock options exercised	199	3,140
Issuance of shares under employee stock purchase plan	1,191	646
Net cash provided by financing activities	1,390	78,532
Net (decrease) increase in cash, cash equivalents and restricted cash	(94,504)	39,780
Cash, cash equivalents and restricted cash, beginning of period	169,724	140,991
Cash, cash equivalents and restricted cash, end of period	$ 75,220	$ 180,771
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 5,368	$ 914
Property and equipment included in accounts payable or accruals	$ 10	$ 22

See notes to condensed consolidated financial statements

EPIZYME, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY
(Amounts in thousands, except share amounts)

	Common Stock		Preferred Stock		Additional Paid-In	Accumulated	Accumulated Other Comprehensive	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Income (Loss)	Equity
Balance at December 31, 2019	97,783,476	$ 10	350,000	$ 37,432	$ 1,050,695	$ (757,019)	$ 19	$ 331,137
Issuance of common stock in connection with the exercise of the Put Option (net of financing costs of $85)	2,500,000	—	—	—	49,915	—	—	49,915
Issuance of common stock in connection with the conversion of series A convertible preferred stock	122,000	—	(12,200)	(1,305)	1,305	—	—	—
Exercise of stock options and vesting of restricted stock units	579,919	—	—	—	3,140	—	—	3,140
Stock-based compensation	—	—	—	—	6,475	—	—	6,475
Issuance of shares under employee stock purchase plan	60,576	—	—	—	646	—	—	646
Issuance of shares of common stock in lieu of board fees	1,404	—	—	—	35	—	—	35
Unrealized loss on available for sale securities	—	—	—	—	—	—	(94)	(94)
Net loss	—	—	—	—	—	(50,937)	—	(50,937)
Balance at March 31, 2020	101,047,375	$ 10	337,800	$ 36,127	$ 1,112,211	$ (807,956)	$ (75)	$ 340,317
Balance at December 31, 2020	101,627,070	$ 10	337,800	$ 36,127	$ 1,137,470	$ (988,713)	$ 3	$ 184,897
Exercise of stock options and vesting of restricted stock units	188,000	—	—	—	199	—	—	199
Stock-based compensation	—	—	—	—	6,943	—	—	6,943
Issuance of shares under employee stock purchase plan	146,049	—	—	—	1,191	—	—	1,191
Issuance of shares of common stock in lieu of board fees	7,632	—	—	—	72	—	—	72
Unrealized gain on available for sale securities	—	—	—	—	—	—	3	3
Net loss	—	—	—	—	—	(70,274)	—	(70,274)
Balance at March 31, 2021	101,968,751	$ 10	337,800	$ 36,127	$ 1,145,875	$ (1,058,987)	$ 6	$ 123,031

See notes to condensed consolidated financial statements.

1. The Company

Epizyme, Inc. (collectively referred to with its wholly owned, controlled subsidiary, Epizyme Securities Corporation, as "Epizyme" or the "Company") is a commercial-stage biopharmaceutical company that is committed to rewriting treatment for people with cancer through the discovery, development, and commercialization of novel epigenetic medicines. The Company aspires to change the standard of care for patients and physicians by developing targeted medicines with fundamentally new mechanisms of action directed at specific causes of hematological malignancies and solid tumors.

Through March 31, 2021, in addition to revenues from product sales, the Company has raised an aggregate of $1,527.4 million to fund its operations. This includes $243.8 million of non-equity funding through its collaboration agreements, $368.1 million of funding, consisting of $150.0 million in equity funding received through agreements with RPI Finance Trust, or RPI, and $218.1 million in debt financing received through a loan agreement with BioPharma Credit Investments V (Master) LP and BPCR Limited Partnership (as transferee of BioPharma Credit Investments V (Master) LP's interest as a lender), or the Lenders, $839.5 million from the sale of common stock and series A convertible preferred stock in the Company's public offerings and $76.0 million from the sale of redeemable convertible preferred stock in private financings prior to the Company's initial public offering in May 2013. As of March 31, 2021, the Company had $298.9 million in cash, cash equivalents and marketable securities.

In 2020, the Company's EZH2 inhibitor, tazemetostat, was approved in the United States as TAZVERIK for the treatment of epithelioid sarcoma, or ES, and follicular lymphoma, or FL. Commercial sales of TAZVERIK for the treatment of ES commenced in the first quarter of 2020 and commercial sales of TAZVERIK for the treatment of two FL indications commenced near the end of the second quarter of 2020.

The Company commenced active operations in early 2008. Since its inception, the Company has generated an accumulated deficit of $1,059.0 million through March 31, 2021 and will require substantial additional capital to fund its research, development, and commercialization efforts. The Company is subject to risks common to companies in the biotechnology industry, including, but not limited to, risks of failure of commercialization, clinical trials and preclinical studies, the need to obtain additional financing to fund the future development and commercialization of tazemetostat and the rest of its pipeline, the need to obtain marketing approval for its product candidates, the need to successfully commercialize and gain market acceptance of its product candidates, the impact of the COVID-19 pandemic on the Company's business, results of operations, and financial condition, dependence on key personnel, protection of proprietary technology, compliance with government regulations, development by competitors of technological innovations and ability to transition from clinical-stage manufacturing to commercial-stage production of products.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The condensed consolidated financial statements of the Company included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, or the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted from this report, as is permitted by such rules and regulations. Accordingly, these condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, or the Annual Report.

The unaudited condensed consolidated financial statements include the accounts of Epizyme, Inc. and its wholly owned, controlled subsidiary, Epizyme Securities Corporation. All intercompany transactions and balances of subsidiaries have been eliminated in consolidation. In the opinion of management, the information furnished reflects all adjustments, all of which are of a normal and recurring nature, necessary for a fair presentation of the results for the reported interim periods. The Company considers events or transactions that occur after the balance sheet date but before the condensed consolidated financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. The three months ended March 31, 2021 and 2020 are referred to as the first quarter of 2021 and 2020, respectively. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year or any other interim period.

Use of Estimates

The preparation of these condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities, as of the date of the condensed consolidated financial statements, and the

reported amounts of revenue and expenses during the reporting period. Actual results and outcomes may differ materially from management's estimates, judgments and assumptions.

Significant Accounting Policies

The significant accounting policies used in preparation of these condensed consolidated financial statements for the three months ended March 31, 2021 are consistent with those discussed in Note 2 to the consolidated financial statements in the Annual Report and are updated below as necessary.

Going Concern

At each reporting period, the Company evaluates whether there are conditions or events that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. The Company is required to make certain additional disclosures if it concludes substantial doubt exists and it is not alleviated by the Company's plans or when its plans alleviate substantial doubt about the Company's ability to continue as a going concern.

The Company's evaluation entails analyzing prospective operating budgets and forecasts for expectations of the Company's cash needs, and comparing those needs to its available cash, cash equivalents and marketable securities. The analysis for the first quarter of 2021 included consideration of the Company's current cash needs, including its research and development plans, commercialization activities associated with the ongoing launch of TAZVERIK in the ES and FL indications, and its existing debt service obligations. The Company also evaluated its forecasted product revenues from sales of TAZVERIK. Such estimates of future sales contain significant judgement as TAZVERIK was recently launched and there is little or no history with which to base such estimates. The Company expects its available cash, cash equivalents and marketable securities will be sufficient to fund current planned operations and capital expenditure requirements for at least the next twelve months from the filing date of this Quarterly Report on Form 10-Q with the SEC. As a result, the Company concluded that it did not identify conditions or events that raise substantial doubt about the Company's ability to continue as a going concern within one year from the date these financial statements were issued. The Company's current operating plan is based on assumptions that may prove to be wrong, and the Company could use its capital resources sooner than it expects.

Recently Adopted Accounting Pronouncements

Revenue Recognition – Collaboration Revenue

In November 2018, the FASB, issued ASU 2018-18, *Collaborative Arrangements, or ASC 808*, which clarifies that certain transactions between collaborative arrangement participants should be accounted for as revenue when the collaborative arrangement participant is a customer in the context of a unit of account and precludes recognizing as revenue consideration received from a collaborative arrangement participant if the participant is not a customer. The new standard is effective in the first quarter of fiscal 2021.

The Company adopted ASC 808 effective in the first quarter of fiscal 2021 and the Company's adoption of this standard did not have a material effect on the Company's condensed consolidated statements of operations and comprehensive loss or condensed consolidated statements of cash flows.

Income Taxes

In December 2019, the Financial Accounting Standards Board, or the FASB, issued ASU 2019-12, *Income Taxes*, or ASC 740, which simplifies the accounting for income taxes. The new standard is effective in the first quarter of fiscal 2021.

The Company adopted ASC 740 effective in the first quarter of fiscal 2021 and the Company's adoption of this standard did not have a material effect on the Company's condensed consolidated statements of operations and comprehensive loss or condensed consolidated statements of cash flows.

Revenue Recognition

The Company recognizes revenue when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition, the

Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. For a further discussion of accounting for net product revenue see Note 3, “Product Revenue, Net”.

Other Revenue

Other revenue consists of revenue from the sales of tazemetostat active pharmaceutical ingredient (API) and drug product to the Company’s licensees or collaborators. We recognize revenue on tazemetostat API and drug product when control has transferred under the terms of each agreement.

Cost of Revenues

The cost of revenues primarily consists of costs related to the sales of TAZVERIK and sales of tazemetostat API and drug product to the Company’s licensees or collaborators . These costs include materials, labor, manufacturing overhead, amortization of milestone payments, and royalties payable on net sales of TAZVERIK. Cost of revenues for the three months ended March 31, 2021, included approximately $0.8 million related to sales of tazemetostat drug product.

Accounts Receivable

The Company extends credit to customers based on its evaluation of the customer’s financial condition. The Company records receivables for all billings when amounts are due under standard terms. Accounts receivable are stated at amounts due net of applicable prompt pay discounts and other contractual adjustments as well as an allowance for doubtful accounts. The Company assesses the need for an allowance for doubtful accounts by considering a number of factors, including the length of time trade accounts receivable are past due, the customer’s ability to pay its obligation and the condition of the general economy and the industry as a whole. The Company will write off accounts receivable when the Company determines that they are uncollectible. In general, the Company has experienced no significant collection issues with its customers.

Inventory

The Company outsources the manufacturing of TAZVERIK and uses contract manufacturers to produce the raw and intermediate materials used in the production of TAZVERIK as well as the finished product. The Company currently has one supplier qualified for each step in the manufacturing process and is in the process of qualifying additional suppliers.

Inventory is composed of raw materials, intermediate materials, which are classified as work-in-process, and finished goods, which are goods that are available for sale. The Company states inventory at the lower of cost or net realizable value with the cost based on the first-in, first-out method. If the Company identifies excess, obsolete or unsalable items, it writes down its inventory to its net realizable value in the period in which the impairment is identified. These adjustments are recorded based upon various factors related to the product, including the level of product manufactured by the Company, the level of product in the distribution channel, current and projected demand, the expected shelf-life of the product and firm inventory purchase commitments. Shipping and handling costs incurred for inventory purchases are included in inventory costs and costs incurred for product shipments are recorded as incurred in cost of revenue.

Prior to receiving its first approval from the U.S. Food and Drug Administration, or FDA, on January 23, 2020 to sell TAZVERIK, the Company expensed all costs incurred related to the manufacture of TAZVERIK as research and development expense because of the inherent risks associated with the development of a product candidate, the uncertainty about the regulatory approval process and the lack of history for the Company of regulatory approval of drug candidates.

Intangible Assets, Net

Intangible assets consist of capitalized milestone payments made to third parties under an in-license of patent rights upon receiving regulatory approval of TAZVERIK. The finite lived intangible assets are being amortized on a straight-line basis over the expected time period the Company will benefit from the in-licensed rights, which is generally the patent life. Intangible assets are recorded at cost at the time of their acquisition and are stated in the Company’s condensed consolidated balance sheets net of accumulated amortization and impairments, if applicable. The amortization expense is recognized as cost of revenue in the Company’s condensed consolidated statement of operations. During the first quarter of 2020 the Company paid a $25.0 million milestone payment under its agreement with Eisai, Co., Ltd., or Eisai, upon regulatory approval of tazemetostat for ES. During the second quarter of 2021 the Company paid a $25.0 million milestone payment under its agreement with Eisai upon regulatory approval of tazemetostat for FL. Both regulatory milestones have been capitalized as intangible assets.

The following table presents intangible assets as of March 31, 2021 (in thousands):

	March 31, 2021	Estimated useful life (years)
In-licensed rights	$ 50,000	12.2
Less: accumulated amortization	(4,036)	
Total intangible asset, net	$ 45,964	

The Company recorded approximately $1.0 million and $0.3 million in amortization expense related to intangible assets, using the straight-line methodology, during the three months ended March 31, 2021 and 2020, respectively. Estimated future amortization expense for intangible assets for the remainder of the year ended December 31, 2021 is $3.1 million and approximately $4.2 million per year thereafter.

The Company assesses its intangible assets for impairment if indicators are present or changes in circumstance suggest that impairment may exist. Events that could result in an impairment, or trigger an interim impairment assessment, include the receipt of additional clinical or nonclinical data regarding one of the Company's drug candidates or a potentially competitive drug candidate, changes in the clinical development program for a drug candidate, or new information regarding potential sales for the drug. If impairment indicators are present or changes in circumstance suggest that impairment may exist, the Company performs a recoverability test by comparing the sum of the estimated undiscounted cash flows of each intangible asset to its carrying value on the consolidated balance sheet. If the undiscounted cash flows used in the recoverability test are less than the carrying value, the Company would determine the fair value of the intangible asset and recognize an impairment loss if the carrying value of the intangible asset exceeds its fair value.

3. Product Revenue, Net

The Company sells TAZVERIK in the United States principally to a limited number of specialty pharmacies, which dispense the product directly to patients, and specialty distributors, which in turn sell the product to hospital pharmacies and community practice pharmacies (collectively, healthcare providers) for the treatment of patients. The specialty pharmacies and specialty distributors are referred to as the Company's customers.

Product revenue is recognized by the Company in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services when the customer obtains control of the product, which occurs at a point in time, typically when the product is received by the Company's customers. The Company provides a right of return to its customers for unopened product for a limited time before and after its expiration date, which lapses upon shipment to a patient. Healthcare providers to whom specialty distributors sell TAZVERIK hold limited inventory that is designated for patients, and the Company monitors inventory levels in the distribution channel, to limit the risk of return.

Reserves for Variable Consideration

Revenues from product sales are recorded as product revenue at the net sales price (transaction price), which includes estimates of variable consideration for which reserves are established and which result from discounts, returns, chargebacks, rebates, co-pay assistance and other allowances that are offered within contracts between the Company and its customers, health care providers, payors and other indirect customers relating to the Company's product sales. These reserves are based on the amounts earned or to be claimed on the related sales and are classified as reductions of accounts receivable (if the amount is payable to the customer) or a current liability (if the amount is payable to a party other than a customer). Where appropriate, these estimates take into consideration a range of possible outcomes that are probability-weighted for relevant factors such as the Company's historical experience, current contractual and statutory requirements, specific known market events and trends, industry data and forecasted customer buying and payment patterns. Overall, these reserves reflect the Company's best estimates of the amount of consideration to which the Company is entitled based on the terms of the contract(s). The amount of variable consideration that is included in the transaction price may be constrained, and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. Actual amounts of consideration ultimately received may differ from the Company's estimates. If actual results in the future vary from the Company's estimates, the Company will adjust these estimates, which would affect net product revenue and earnings in the period such variances become known.

Trade Discounts and Allowances: The Company generally provides customers with discounts that include incentive fees that are explicitly stated in customer contracts and are recorded as a reduction of revenue in the period the related product revenue is recognized. In addition, the Company receives sales order management, data and distribution services from certain customers. To the extent the services received are distinct from the Company's sale of products to the customer, these payments are classified in selling, general and administrative expenses in the consolidated statements of operations and comprehensive loss.

Product Returns: Consistent with industry practice, the Company generally offers customers a limited right of return based on the product's expiration date for product that has been purchased from the Company, which lapses upon shipment to a patient. The Company estimates the amount of product sales that may be returned by customers and records this estimate as a reduction of revenue in the period in which the related product revenue is recognized. The Company currently estimates product return liabilities using available industry data and the Company's own historical sales information, including its visibility into the product remaining in the distribution channel.

Provider Chargebacks and Discounts: Chargebacks for fees and discounts to healthcare providers represent the estimated obligations resulting from contractual commitments to sell products to qualified healthcare providers at prices lower than the list prices charged to customers who directly purchase the product from the Company. Customers charge the Company for the difference between what they pay for the product and the ultimate selling price to the qualified healthcare providers. These reserves are established in the same period that the related revenue is recognized, resulting in a reduction of product revenue and accounts receivable. Chargeback amounts are generally determined at the time of resale to the qualified healthcare provider by customers, and the Company generally issues credits for such amounts within a few weeks of the customer's notification to the Company of the resale. Reserves for chargebacks consist of credits that the Company expects to issue for units that remain in the distribution channel at each reporting period end that the Company expects will be sold to qualified healthcare providers, and chargebacks that customers have claimed but for which the Company has not yet issued a credit.

Government Rebates: The Company is subject to discount obligations under state Medicaid programs and Medicare. The Company estimates its Medicaid and Medicare rebates based upon a range of possible outcomes that are probability-weighted for the estimated payor mix. These reserves are recorded in the same period in which the related revenue is recognized, resulting in a reduction of product revenue and the establishment of a current liability that is included in accrued expenses on the Company's consolidated balance sheet. For Medicare, the Company also estimates the number of patients in the prescription drug coverage gap for whom the Company will owe an additional liability under the Medicare Part D program. The Company's liability for these rebates consists of invoices received for claims from prior quarters that have not been paid or for which an invoice has not yet been received, estimates of claims for the current quarter, and estimated future claims that will be made for product that has been recognized as revenue, but remains in the distribution channel inventories at period end.

Payor Rebates: The Company may contract with various private payor organizations, primarily insurance companies and pharmacy benefit managers, for the payment of rebates with respect to utilization of the Company's products. The Company estimates these rebates and records such estimates in the same period the related revenue is recognized, resulting in a reduction of product revenue and the establishment of a current liability.

Other Incentives/Patient Assistance Programs: The Company also offers voluntary patient assistance programs such as co-pay assistance. Co-pay assistance programs are intended to provide financial assistance to qualified commercially insured patients with prescription drug co-payments required by payors. The calculation of the accrual for co-pay assistance is based on an estimate of claims and the cost per claim that the Company expects to receive associated with product that has been recognized as revenue, but remains in the distribution channel inventories at period end.

The following table summarizes activity in each of the above product revenue allowances and reserve categories for the three months ended March 31, 2021:

	Chargebacks, Discounts, and Fees	Government and Other Rebates	Returns	Total
	(In thousands)			
Balance, January 1, 2021	$ 133	$ 428	$ 67	$ 628
Provision	399	610	—	1,009
Payments or credits	(323)	(572)	—	(895)
Balance, March 31, 2021	$ 209	$ 466	$ 67	$ 742

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist of accounts receivable from customers and cash held at financial institutions. The Company believes that such customers and financial institutions are of high credit quality.

For the three months ended March 31, 2021 and 2020, net product revenue was primarily accounted from four individual customers. Revenue earned from each customer as a percentage of net product revenue is as follows:

	Three Months Ended March 31,	
	2021	2020
Customer 1	42%	59%
Customer 2	14%	3%
Customer 3	25%	13%
Customer 4	19%	25%

As of March 31, 2021 and December 31, 2020, the four individual customers were accounted for as a percentage of accounts receivable as follows:

	March 31, 2021	December 31, 2020
Customer 1	22%	21%
Customer 2	14%	14%
Customer 3	33%	29%
Customer 4	31%	36%

No other customer accounted for more than 10 percent of net product revenue or accounts receivable.

4. Cash

A reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets that sum to the total of the same such amounts shown in the condensed consolidated statements of cash flows, is as follows:

	As of March 31,	
	2021	2020
	(In thousands)	
Cash and cash equivalents	$ 73,711	$ 179,262
Restricted cash, as part of other assets	1,509	1,509
Total cash, cash equivalents, and restricted cash shown in the condensed consolidated statements of cash flows	$ 75,220	$ 180,771

The $1.5 million in restricted cash as of both March 31, 2021 and March 31, 2020 is comprised of $0.5 million in a letter of credit as a security deposit for the Company's office and laboratory lease at Technology Square in Cambridge, Massachusetts and $1.0 million in a letter of credit as a security deposit for the Company's office lease at Hampshire Street in Cambridge, Massachusetts. The Company has recorded cash held to secure these letters of credit as restricted cash in restricted cash and other assets on the condensed consolidated balance sheet. The restricted cash is classified as non-current based on the related lease terms.

5. Marketable Securities

The following table summarizes the available-for-sale securities held at March 31, 2021 (in thousands):

Description	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Commercial paper	$ 132,118	$ 6	$ (8)	$ 132,116
Corporate notes	13,067	—	(5)	13,062
U.S. government agency securities and U.S. Treasuries	80,041	13	—	80,054
Total	$ 225,226	$ 19	$ (13)	$ 225,232

The following table summarizes the available-for-sale securities held at December 31, 2020 (in thousands):

Description	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Commercial paper	$ 158,907	$ 14	$ (8)	$ 158,913
Corporate notes	33,437	3	(7)	33,433
U.S. government agency securities and U.S. Treasuries	13,044	1	—	13,045
Total	$ 205,388	$ 18	$ (15)	$ 205,391

Certain short-term debt securities with original maturities of less than 90 days are included in cash and cash equivalents within the consolidated balance sheets and are not included in the tables above.

The amortized cost of available-for-sale securities is adjusted for amortization of premiums and accretion of discounts to maturity. At March 31, 2021, the balance in the Company's accumulated other comprehensive loss was composed solely of activity related to the Company's available-for-sale marketable securities. There were no realized gains or losses recognized on the sale or maturity of available-for-sale securities during the three months ended March 31, 2021, and as a result, the Company did not reclassify any amounts out of accumulated other comprehensive loss for the same period.

The aggregate fair value of available-for-sale securities held by the Company in an unrealized loss position for less than twelve months as of March 31, 2021 was $61.0 million, which consisted of 10 commercial paper securities and 5 corporate notes securities. The aggregate unrealized loss for those securities in an unrealized loss position for less than twelve months as of March 31, 2021 was less than $0.1 million.

The Company does not intend to sell and it is unlikely that the Company will be required to sell the above investments before recovery of their amortized cost bases, which may be maturity. The Company determined that there was no material change in the credit risk of any of its investments. As a result, the Company determined it did not hold any investments that were impaired as of March 31, 2021. The Company reviews its portfolio of available-for-sale debt securities, using both quantitative and qualitative factors, to determine if declines in fair value below cost have resulted from a credit-related loss or other factors. If the decline in fair value is due to credit-related factors, a loss is recognized in net income, whereas if the decline in fair value is not due to credit-related factors, the loss is recorded in other comprehensive income (loss). The weighted-average maturity of the Company's portfolio was approximately four months at March 31, 2021.

6. Fair Value Measurements

The Company's financial instruments as of March 31, 2021 and December 31, 2020 consisted primarily of cash and cash equivalents, marketable securities and accounts receivable and accounts payable. As of March 31, 2021 and December 31, 2020, the Company's financial assets recognized at fair value consisted of the following:

	Fair Value as of March 31, 2021			
	Total	Level 1	Level 2	Level 3
	(In thousands)			
Cash equivalents	$ 68,366	$ 60,517	$ 7,849	$ —
Marketable securities:				
Commercial paper	132,116	—	132,116	—
Corporate notes	13,062	—	13,062	—
U.S. government agency securities and treasuries	80,054	—	80,054	—
Total	$ 293,598	$ 60,517	$ 233,081	$ —

	Fair Value as of December 31, 2020			
	Total	Level 1	Level 2	Level 3
	(In thousands)			
Cash equivalents	$ 163,264	$ 113,505	$ 49,759	$ —
Marketable securities:				
Commercial paper	158,913	—	158,913	—
Corporate notes	33,433	—	33,433	—
U.S. government agency securities and treasuries	13,045	—	13,045	—
Total	$ 368,655	$ 113,505	$ 255,150	$ —

Cash equivalents and marketable securities have been initially valued at the transaction price and subsequently valued, at the end of each reporting period, utilizing third-party pricing services or other market observable data.

The Company measures its cash equivalents at fair value on a recurring basis, which approximates the net asset value per share. The Company classifies some of its cash equivalents within Level 1 of the fair value hierarchy because they are valued using observable inputs that reflect quoted prices for identical assets in active markets. The Company measures its marketable securities at fair value on a recurring basis and classifies those instruments and some cash equivalents within Level 2 of the fair value hierarchy. The pricing services used by management utilize industry standard valuation models, including both income- and market- based approaches and observable market inputs to determine the fair value of marketable securities and those cash equivalents classified within Level 2 of the fair value hierarchy.

7. Inventory

All of the Company's inventories relate to the manufacturing of TAZVERIK. The following table sets forth the Company's inventories as of March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
	(In thousands)	
Raw materials	$ 1,307	$ 1,068
Work in process	12,659	8,564
Finished goods	851	829
Total	$ 14,817	$ 10,461

As of March 31, 2021 the Company has not capitalized inventory costs related to its other drug development programs.

8. Supplemental Balance Sheet Information

Accrued expenses consisted of the following:

	March 31, 2021	December 31, 2020
	(In thousands)	
Employee compensation and benefits	$ 6,229	$ 11,921
Research and development expenses	10,762	10,664
Professional services and other	6,862	5,987
Accrued expenses	$ 23,853	$ 28,572

9. Income Taxes

The Company did not record a federal or state income tax provision or benefit for the three months ended March 31, 2021 and 2020 due to the expected and known loss before income taxes to be incurred, or incurred, as applicable, for the years ended December 31, 2021 and 2020, as well as the Company's continued maintenance of a full valuation allowance against its net deferred tax assets.

10. Commitments and Contingencies

There have been no significant changes to the Company's commitments and contingencies, other than the minimum lease payments as disclosed in Note 11, *Leases*, in the three months ended March 31, 2021, as compared to those disclosed in Note 9, *Commitments and Contingencies*, included in its Annual Report.

11. Leases

The Company enters into lease arrangements for its facilities as well as certain equipment. A summary of the arrangements are as follows:

Operating Leases

The Company leases office and laboratory space at Technology Square in Cambridge, Massachusetts under a Lease Agreement, dated as of June 15, 2012, as amended, or the Technology Square Lease, with ARE-TECH Square, LLC, a Delaware limited liability company.

In May 2017, the Company exercised its option to extend the term of the Technology Square Lease to November 30, 2022. Under the Technology Square Lease as amended, the Company agreed to pay a monthly base rent of approximately $0.2 million for the period commencing December 1, 2017 through May 31, 2018, with an increase on June 1, 2018 of approximately $33,000 and annual increases of approximately $9,000 on December 1 of each subsequent year until the last increase, which will occur on December 1, 2021. Under the current terms of the Technology Square Lease, the Company does not have any further right to extend the term beyond November 30, 2022.

The Company has a $0.5 million letter of credit as a security deposit for the Technology Square Lease and has recorded cash held to secure this letter of credit as restricted cash and other assets on the condensed consolidated balance sheet. In applying the ASU 2016-02, *Leases*, or ASC 842, transition guidance, the Company determined the classification of this lease to be operating and recorded a lease liability and a right-of-use asset on January 1, 2019.

On August 16, 2019, the Company entered into a lease, or the Hampshire Street Lease, with BMR-Hampshire LLC, or BMR. The Hampshire Street Lease is for 33,525 rentable square feet of office space in Cambridge, Massachusetts. The Hampshire Street Lease commenced as of December 1, 2019. The Hampshire Street Lease has an initial term of seven years and four months from the commencement date and provides the Company with an option to extend the lease term for one additional five-year period. After a four-month period during which base rent was not payable, the Hampshire Street Lease provides for monthly rent payments starting at approximately $0.2 million and increasing 2.5% per year. In the event that the Company exercises its option to extend the lease term, the Hampshire Street Lease provides for monthly rent payments during the additional five-year period at the greater of the base rent rate at the end of the initial term or the then-current market rent.

The Company has a $1.0 million letter of credit in favor of BMR as a security deposit for the Hampshire Street Lease and has recorded cash held to secure this letter of credit as restricted cash and other assets on the consolidated balance sheet. In applying ASC 842, the Company determined the classification of the Hampshire Street Lease to be operating and recorded a lease liability and a right-of-use asset as of December 31, 2019.

The Company is required to pay certain variable costs to its landlords in addition to fixed rent. These costs include common area maintenance, real estate taxes, and parking and are included in lease expense.

The following table contains a summary of the lease costs recognized under ASC 842 and other information pertaining to the Company's operating leases for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
Lease cost		
Operating lease cost	$ 1,515	$ 1,550
Variable lease cost	480	422
Total lease cost	$ 1,995	$ 1,972
Other information		
Operating cash flows used for operating leases	$ 1,605	$ 981
Weighted average remaining lease term	4.7 years	5.2 years
Weighted average discount rate	9.81%	9.63%

Future minimum lease payments under the Company's non-cancelable operating leases as of March 31, 2021, are as follows:

	(In thousands)
2021	$ 4,832
2022	6,256
2023	2,984
2024	3,053
Thereafter	6,966
Total lease payments	$ 24,091
Less: imputed interest	(5,145)
Total operating lease liabilities at March 31, 2021	$ 18,946

12. Collaborations

GSK

In January 2011, the Company entered into a collaboration and license agreement with Glaxo Group Limited (an affiliate of GlaxoSmithKline plc), or GSK, to discover, develop and commercialize novel small molecule HMT inhibitors directed to available targets from the Company's platform. Under the terms of the agreement, the Company granted GSK exclusive worldwide license rights to HMT inhibitors directed to three targets. Additionally, as part of the research collaboration, the Company agreed to provide research and development services related to the licensed targets pursuant to agreed upon research plans during a research term that ended January 8, 2015. In March 2014, the Company and GSK amended certain terms of this agreement for the third licensed target, revising the license terms with respect to candidate compounds and amending the corresponding financial terms, including reallocating milestone payments and increasing royalty rates as to the third target. Subsequent to a GSK strategic portfolio prioritization, the Company received notice in October 2017 that GSK terminated the agreement with respect to the third target, effective December 31, 2017, which returned all rights to that target to the Company. The two other targets, PRMT5 and PRMT1, continue to be subject to the agreement and were not impacted by the termination with respect to the third target. The Company substantially completed all research obligations under this agreement by the end of the first quarter of 2015 and completed the transfer of the remaining data and materials for these programs to GSK in the second quarter of 2015.

Agreement Structure

Under the agreement, the Company has received and recognized as collaboration revenue totaling $89.0 million, consisting of upfront payments, fixed research funding, research and development services and preclinical and research and development milestone payments. As of March 31, 2021, for the two remaining targets, the Company is eligible to receive up to $50.0 million in clinical development milestone payments, up to $197.0 million in regulatory milestone payments and up to $128.0 million in sales-based milestone payments. As a result of the termination of the agreement as it relates to the third target, the Company will receive no additional payments related to that target. In addition, GSK is required to pay the Company royalties, at percentages from the mid-single digits to the low double-digits, on a licensed product-by-licensed product basis, on worldwide net product sales, subject to reduction in specified circumstances. Due to the uncertainty of pharmaceutical development and the high historical failure rates generally associated with drug development, the Company may not receive any additional milestone payments or royalty payments from GSK. GSK became solely responsible for development and commercialization for each licensed target in the collaboration when the research term ended on January 8, 2015.

Collaboration Revenue

Through March 31, 2021, the Company has earned a total of $89.0 million in total collaboration revenue since inception of the GSK agreement, which the Company recognized as collaboration revenue in the condensed consolidated statements of operations and comprehensive loss. The Company did not recognize any collaboration revenue under the agreement in the three months ended March 31, 2021 and March 31, 2020, respectively. The Company did not have any deferred revenue related to this agreement as of March 31, 2021 and 2020, respectively. Any future revenues pursuant to this arrangement will relate to any milestone payments and royalties received under the agreement with respect to the two remaining targets. All remaining milestone payments as of March 31, 2021 have been deemed not probable and therefore have not been recognized as revenue.

Eisai

In April 2011, the Company entered into a collaboration and license agreement with Eisai, under which the Company granted Eisai an exclusive worldwide license to its small molecule HMT inhibitors directed to the EZH2 HMT, including the Company's product candidate tazemetostat, while retaining an opt-in right to co-develop, co-commercialize and share profits with Eisai as to licensed products in the United States.

As of December 31, 2014, the Company had completed its performance obligations under the original agreement.

In March 2015, the Company entered into an amended and restated collaboration and license agreement with Eisai (the "Eisai License Agreement"), under which the Company reacquired worldwide rights, excluding Japan, to its EZH2 program, including tazemetostat. Under the Eisai License Agreement, the Company is responsible for global development, manufacturing and commercialization outside of Japan of tazemetostat and any other EZH2 product candidates, with Eisai retaining development and commercialization rights in Japan, as well as a right to elect to manufacture tazemetostat and any other EZH2 product candidates in Japan, and a right of first negotiation for the rest of Asia. Eisai waived its right of first negotiation for the rest of Asia in 2018.

Under the original collaboration and license agreement, Eisai was solely responsible for funding all research, development and commercialization costs for EZH2 compounds. Under the Eisai License Agreement, the Company is solely responsible for funding global development, manufacturing and commercialization costs for EZH2 compounds outside of Japan, including the remaining development costs due under a companion diagnostics agreement with Roche Molecular Systems, Inc., or Roche Molecular, which was amended to assign all of Roche Molecular's rights and obligations under the companion diagnostics agreement to Roche Sequencing, effective January 1, 2020. Eisai is solely responsible for funding Japan-specific development and commercialization costs for EZH2 compounds.

The Company recorded the reacquisition of worldwide rights, excluding Japan, to the EZH2 program, including tazemetostat, under the Eisai License Agreement, as an acquisition of an in-process research and development asset. As this asset was acquired without corresponding processes or activities that would constitute a business, had not achieved regulatory approval for marketing and, absent obtaining such approval, had no alternative future use, the Company recorded the $40.0 million upfront payment made to Eisai in March 2015 as research and development expense in the consolidated statements of operations and comprehensive loss. The Company also agreed to pay Eisai up to $20.0 million in clinical development milestones, and up to $50.0 million in regulatory milestone payments, and royalties at a percentage in the mid-teens on worldwide net sales of any EZH2 product, excluding net sales in Japan. The Company is eligible to receive from Eisai royalties at a percentage in the mid-teens on net sales of any EZH2 product in Japan.

Pursuant to the Eisai License Agreement, the Company has paid total milestone payments of $70.0 million, $50.0 million of which related to regulatory approval of tazemetostat for ES and FL, which were capitalized as intangible assets on the Company's condensed consolidated balance sheets.

In March 2021, the Company and Eisai entered into a supply agreement providing for the manufacture and supply to Eisai of tazemetostat drug product. Under the terms of the supply agreement, the Company also agreed to waive its right of exclusive supply of tazemetostat drug substance from the Company's drug substance manufacturer. The Company has deferred $5.0 million of revenue allocated to the Company's waiver of its exclusive right to supply of tazemetostat drug substance as of March 31, 2021, which will be recognized in April 2021 upon delivery of the Company's waiver to the drug substance manufacture. During the three months ended March 31, 2021, the Company recognized $1.3 million related to the delivery of tazemetostat drug product in other revenue.

During the three months ended March 31, 2020, Eisai purchased $0.4 million of drug product from the Company at cost to facilitate development within Japan under the Eisai License Agreement which was recognized as a reduction to research and development expense.

As of March 31, 2021 and December 31, 2020, the Company had accounts receivable of $5.2 million and less than $0.1 million, respectively, due from Eisai. During the three months ended March 31, 2021, the Company recorded $0.9 million related to the worldwide royalties due under the Eisai License Agreement in cost of revenue based on U.S. sales of TAZVERIK and as of March 31, 2021, $0.9 million in royalties were payable under the Eisai License Agreement. During the three months ended March 31, 2020, the Company recorded $0.2 million in cost of revenue related to the worldwide royalties due under the Eisai License Agreement based on U.S. sales of TAZVERIK and as of March 31, 2020, $0.2 million in royalties were payable under the Eisai License Agreement. For additional information regarding certain of the Eisai royalties, see Note 13, *Sale of Future Royalties*.

Roche

In December 2012, Eisai and the Company entered into a companion diagnostics agreement with Roche Molecular, under which Eisai and the Company engaged Roche Molecular to develop a companion diagnostic to identify patients who possess certain activating mutations of EZH2. In October 2013, this agreement was amended to include additional mutations in EZH2. The development costs due under the amended agreement with Roche Molecular were the responsibility of Eisai until the execution of the amended and restated collaboration and license agreement with Eisai in March 2015, at which time the Company assumed responsibility for the remaining development costs due under the agreement. In December 2015, the Company and Eisai entered into a second amendment to the companion diagnostics agreement with Roche Molecular. The agreement was further amended in March 2018. Under the amended agreement, the Company was responsible for remaining development costs of $10.4 million due under the agreement as of March 2018 and Eisai agreed to reimburse the Company $0.9 million of this amount related to a regulatory milestone for Japan. In July 2019, the Company entered into a fourth amendment to the companion diagnostics agreement. Under the amended agreement, the Company and Roche Molecular agreed to divide a $1.0 million regulatory milestone for the United States into two separate milestone payments, of which $0.5 million was paid by the Company as part of the signed amendment, and the remaining $0.5 million was paid by the Company in December 2019 upon the satisfaction of certain conditions set forth in the fourth amendment to the companion diagnostics agreement. As part of this fourth amendment, Roche Molecular also assigned all of its rights and obligations under the companion diagnostics agreement to Roche Sequencing due to a reorganization at Roche group, and this assignment became effective as of January 1, 2020. As of March 31, 2021, the Company is responsible for the remaining development costs of $1.0 million due under the agreement. The $0.9 million that Eisai agreed to reimburse the Company related to a regulatory milestone for Japan was achieved as of June 30, 2020 and payment received in the fourth quarter of 2020. In addition, the Company paid $1.0 million for the achievement of a development milestone in the fourth quarter of 2020.

Under the agreement with Roche Sequencing, Roche Sequencing is obligated to use commercially reasonable efforts to develop and to make commercially available the companion diagnostic. Roche Sequencing has exclusive rights to commercialize the companion diagnostic. On June 18, 2020 the FDA approved the companion diagnostic that is intended to identify follicular lymphoma patients with an EZH2 mutation for treatment with tazemetostat.

The agreement with Roche Sequencing will expire when the Company and Eisai are no longer developing or commercializing tazemetostat. The Company and Eisai may terminate the agreement by giving Roche Sequencing 90 days' written notice if the Company and Eisai discontinue development and commercialization of tazemetostat or determine, in conjunction with Roche Sequencing, that the companion diagnostic is not needed for use with tazemetostat. Any party may also terminate the agreement in the event of a material breach by any party, in the event of material changes in circumstances that are contrary to key assumptions specified in the agreement or in the event of specified bankruptcy or similar circumstances. Under specified termination circumstances, Roche Sequencing may become entitled to specified termination fees.

Boehringer Ingelheim

In November 2018, the Company entered into a collaboration and license agreement with Boehringer Ingelheim International GmbH ("Boehringer Ingelheim") to discover, research, develop and commercialize small molecule compounds that are inhibitors of an undisclosed histone acetyltransferase, or HAT, target and an undisclosed helicase target, along with associated predictive biomarkers (the "Target Projects"). Under the terms of the agreement, the Company granted to Boehringer Ingelheim an exclusive, worldwide license to the undisclosed target inhibitors technology. The agreement also included reciprocal licenses to utilize each other's know-how, patents and technologies for activities under the agreement. Further, each party was granted the license to develop, manufacture, commercialize and otherwise exploit any compound or product that successfully achieves start of lead optimization ("SoLO"). The Company was also obligated to provide R&D services through SoLO approval for both Target Projects, and to serve on the Joint Steering Committee ("JSC") throughout the term of the contract. The parties were to jointly research and develop the shared helicase target program and will share commercialization activities within the United States. Boehringer Ingelheim had agreed to assume responsibility for commercialization outside of the United States. On December 21, 2020, the Company received written notice from Boehringer Ingelheim that it has elected to terminate the Collaboration Agreement without cause, and in accordance with the terms of the Collaboration Agreement and the parties' agreement. The termination became effective on January 31, 2021. The Target Project for the helicase target and the reciprocal licenses terminated as of this date. The Company is entitled to pursue the HAT target and helicase target programs in all fields worldwide without further obligation to Boehringer Ingelheim.

Agreement Structure

Under the terms of the agreement, the Company received a $15.0 million upfront payment and $5.0 million in research funding for the costs to be incurred by the Company in connection with its research activities, payable quarterly in four equal installments during 2019. At its discretion, Boehringer Ingelheim had the option to extend the research period by up to one year, subject to the Company's agreement to the specified research activities and additional research funding. During the third quarter of 2019, Boehringer

Ingelheim's option to extend the research period expired unexercised, and therefore the research period ended on December 31, 2019. In March 2020, the Company and Boehringer Ingelheim amended the agreement to extend the research period for the shared program targeting enzymes within helicase families with Boehringer Ingelheim providing research funding of $0.4 million. Additionally, in March 2020, the Company received notice of termination for the program targeting enzymes with HAT families, which program termination became effective in June 2020. In September 2020, the Company and Boehringer Ingelheim further amended the agreement to extend the research period for the shared program targeting enzymes within helicase families with Boehringer Ingelheim to provide research funding of $0.1 million. The additional research activities were completed prior to the end of 2020.

Collaboration Revenue

Through March 31, 2021, the Company has recognized $26.0 million in total collaboration revenue since the inception of this collaboration. During the three months ended March 31, 2021, the Company did not recognize collaboration revenue under its agreement with Boehringer Ingelheim. During the three months ended March 31, 2020, the Company recognized $0.1 million in collaboration revenue under its agreement with Boehringer Ingelheim.

As of March 31, 2021 and December 31, 2020, the Company did not have any deferred revenue or accounts receivable related to this agreement.

13. Sale of Future Royalties

On November 4, 2019, the Company entered into a loan agreement with BioPharma Credit PLC, or the Collateral Agent, and the Lenders, providing for up to $70.0 million in secured term loans to be advanced in up to three tranches, or the Loan Agreement. As of March 31, 2021, the Company had borrowed an aggregate principal amount under the first tranche of $25.0 million (the "Tranche A Note Payable"), the second tranche of $25.0 million (the "Tranche B Note Payable"), and the third tranche of $20.0 million (the "Tranche C Note Payable") under the Loan Agreement. On November 3, 2020, the Company, the Collateral Agent and the Lenders amended and restated the Loan Agreement, (as amended and restated, the "Amended and Restated Loan Agreement"), to provide for, among other things, an additional secured term loan of $150.0 million, or the Tranche D Loan. On November 18, 2020, we borrowed the Tranche D Loan (See Note 14, *Long-Term Debt*). Under the Amended and Restated Loan Agreement the Company has the right to request up to an additional $150.0 million in secured term loans, subject to the approval of the Lenders, provided that the Company has not prepaid any outstanding term loans at the time of the Company's request and such request is made before November 18, 2021.

On November 4, 2019, the Company also executed a purchase agreement (the "RPI Purchase Agreement") with RPI. Pursuant to the RPI Purchase Agreement, the Company agreed to sell to RPI 6,666,667 shares of its common stock, a warrant to purchase up to 2,500,000 shares of common stock at an exercise price of $20.00 per share (the "Common Stock Warrant"), and all of the Company's rights to receive royalties from Eisai with respect to net sales by Eisai of tazemetostat products in Japan pursuant to the Eisai License Agreement and any successor arrangement for Japan sales (the "Japan Royalty", and collectively, the "Transaction"). In consideration for the sale of shares of common stock, the Common Stock Warrant and the Japan Royalty, RPI paid the Company $100.0 million upon the closing of the RPI Purchase Agreement. In addition, RPI agreed, in connection with RPI's acquisition from Eisai of the right to receive royalties from the Company under the Eisai License Agreement, to reduce the Company's royalty obligation by low single digits upon the achievement of specified annual net sales levels over $1.5 billion. In addition, under the RPI Purchase Agreement, the Company has the right to sell, and RPI has the obligation to purchase, subject to certain conditions, including a maximum purchase price of $20.00 per share, $50.0 million of shares of common stock at the Company's option for an 18-month period from the date of execution of the RPI Purchase Agreement (the "Put Option"). In February 2020, the Company sold 2.5 million shares of its common stock to RPI, for an aggregate of $50.0 million in proceeds pursuant to the Put Option. Additionally, under the terms of the RPI Purchase Agreement, the founder and chief executive officer of RP Management, an affiliate of RPI, and a co-founder of Pharmakon Advisors LP, an affiliate of the Lenders, was elected as a director of the Company. As of March 31, 2021 and December 31, 2020, RPI and its affiliates owned 9.0% and 9.0% of the Company's common stock, respectively.

The Company accounted for the Loan Agreement and RPI Purchase Agreement as a single arrangement as RPI and the Lenders are related parties and the agreements were negotiated together. The aggregate proceeds of $125.0 million were allocated on a relative fair value basis, which approximated their respective actual fair values, to the four units of accounting pursuant to the transaction as follows: (1) $79.0 million to the common stock issued to RPI based on the closing price of the Company's common stock on the date of the transaction, (2) $8.4 million to the Common Stock Warrant to purchase shares of common stock, based on the Black-Scholes option pricing model, (3) $12.6 million to the liability related to the sale of future royalties based on a discounted cash flow model and (4) $25.0 million to the Tranche A Note Payable based on the terms of the Loan Agreement. Transaction costs of $2.0 million were allocated directly to the units of accounting it relates to.

Although the Company sold all of its rights to receive the Japan Royalty, under the terms of the RPI Agreement, the Company continues to own all tazemetostat intellectual property rights and at execution had significant continuing involvement in the generation of these royalties. Due to the Company's continuing involvement, the Company will continue to account for any royalties due as revenue and recorded the proceeds from this transaction as a liability ("Royalty Obligation") that will be accreted using the effective interest method over the estimated life of the RPI Purchase Agreement.

As royalties are remitted to RPI from Eisai, the balance of the Royalty Obligation will be effectively repaid over the life of the Eisai License Agreement. In order to determine the accretion of the Royalty Obligation, the Company is required to estimate the total amount of future royalty payments to RPI over the life of the Eisai License Agreement. The $12.6 million recorded at execution will be accreted to the total of these royalty payments as interest expense over the life of the Royalty Obligation. At execution, the Company's estimate of this total interest expense resulted in an effective annual interest rate of approximately 9.01%. This estimate contains significant assumptions that impact both the amount recorded at execution and the interest expense that will be recognized over the royalty period. The Company periodically assesses the estimated royalty payments to RPI from Eisai and to the extent the amount or timing of such payments is materially different than the original estimates, an adjustment will be recorded prospectively to increase or decrease interest expense. There are a number of factors that could materially affect the amount and timing of royalty payments to RPI from Eisai, and correspondingly, the amount of interest expense recorded by the Company, most of which are not within the Company's control. Such factors include, but are not limited to, delays or discontinuation of development of tazemetostat in Japan, regulatory approval, changing standards of care, the introduction of competing products, manufacturing or other delays, generic competition, intellectual property matters, adverse events that result in governmental health authority imposed restrictions on the use of the drug products, significant changes in foreign exchange rates as the royalties remitted to RPI are made in U.S. dollars (USD) while the underlying Japan sales of tazemetostat will be made in currencies other than USD, and other events or circumstances that are not currently foreseen as tazemetostat is still under development in Japan and subject to regulatory approval. Changes to any of these factors could result in increases or decreases to both royalty revenues and interest expense. As of March 31, 2021, the Company's assessment of the estimated future royalty payments to RPI resulted in a current effective interest rate of approximately 13.3%.

The following table shows the activity of the Royalty Obligation since the transaction inception through March 31, 2021:

	As of March 31, 2021
	(In thousands)
Proceeds from sale of future royalties	$ 12,601
Non-cash interest expense recognized	2,045
Liability related to the sale of future royalties - ending balance	$ 14,646

During the three months ended March 31, 2021 and 2020, no non-cash royalties from net sales of tazemetostat in Japan were recorded and the Company recorded $0.5 million and $0.3 million, respectively, of related non-cash interest expense.

14. Long-Term Debt

On November 4, 2019, the Company entered into the Loan Agreement, which provided for up to $70.0 million in secured term loans to be advanced in up to three tranches. The Company borrowed $70.0 million in the aggregate under the three tranches pursuant to the Loan Agreement. With the FDA's June 2020 approval of tazemetostat for the treatment of FL in the United States, the Company also had the right, but not the obligation, to request up to an additional $300.0 million in secured term loans, subject to the approval of the Lenders, provided the Company has not prepaid any outstanding term loans at the time of such request and such request is made before November 18, 2021. On November 3, 2020, the Company entered into the Amended and Restated Loan Agreement with the Lenders. The Amended and Restated Loan Agreement provides for, among other things, an additional secured term loan of $150.0 million, or the Tranche D Loan. On November 3, 2020, the Company also delivered written notice to the Lenders to draw down the Tranche D Loan, which was funded on November 18, 2020. The Company paid a commitment fee of 2.00% of the original $70.0 million committed facility amount in November 2019 and 2% of the $150.0 million Tranche D Loan in November 2020, as well as expenses incurred by the Lender in executing the agreements.

The interest rate for the Tranche D Loan will be determined by reference to a Eurodollar rate plus 7.75% above such Eurodollar rate. The Eurodollar rate will have a 2.00% floor. The Tranche D Loan will be due in eight equal quarterly principal payments commencing on the 51st month anniversary of the date on which the Lenders fund the Tranche D Loan. All unpaid principal and interest under the Tranche D Loan will be due and payable on the 72nd month anniversary of the date on which the Lenders funded the Tranche D Loan.

The Amended and Restated Loan Agreement also amended the payment period principal and interest for the first three tranches of term loans. Under the original terms, the Company was required to make interest only payments on the outstanding obligation through February 28, 2023, and thereafter eight quarterly payments of principal and interest. Under the amended and restated terms, the Company is required to make interest only payments on the $70.0 million outstanding obligation through November 2023, and

thereafter four quarterly payments of principal and interest. All unpaid principal and interest on the $70.0 million borrowed under the original Loan Agreement is due and payable in November 2024, the 60th month anniversary of the date on which the Lenders funded the first tranche of term loans. The interest rates for the existing tranches of term loans remain unchanged and will continue to be determined by reference to a Eurodollar rate plus 7.75% above such Eurodollar rate. The Eurodollar rate will have a 2.00% floor.

Under the Amended and Restated Loan Agreement the Company has the right to request from the Lenders, subject to the Lenders' agreement to lend additional amounts to the Company, up to an additional $150.0 million, provided that the Company has not prepaid any outstanding term loans at the time of the Company's request and such request is made before November 18, 2021.

Each of the four term loans may be prepaid before maturity in whole or in part, however there is a $50.0 million minimum prepayment for any prepayment of the loans. If the Company prepays any tranche of term loans, in whole or in part, during the first 36 months from the date on which the Lenders funded such tranche of term loans, then the Company must pay a prepayment premium equal to the greater of (x) a make-whole amount equal to the interest that would have accrued on the principal amount to be prepaid and (y) a premium equal to 0.03 multiplied by the principal amount to be prepaid. If the Company prepays a tranche of term loan, in whole or in part, between the 36th month and 48th month from the date on which the Lenders funded such tranche of term loans, then the Company must pay a prepayment premium equal to 0.02 multiplied by the principal amount to be prepaid. If the Company prepays a tranche of term loans, in whole or in part, between the 48th month and 60th month from the date on which the Lenders funded such tranche of term loans, then the Company must pay a prepayment premium equal to 0.01 multiplied by the principal amount to be prepaid.

The Amended and Restated Loan Agreement was accounted for as a debt modification based on a comparison of the present value of the cash flows under the terms of the debt immediately before and after the effective date of The Amended and Restated Loan Agreement, which resulted in a change of less than 10%. As a result, issuance costs paid to the Lenders in connection with The Amended and Restated Loan Agreement were recorded as a reduction of the carrying amount of the debt liability and unamortized issuance costs as of the date of the modification are amortized to interest expense over the repayment term of The Amended and Restated Loan Agreement.

The obligations under the Amended and Restated Loan Agreement, including the Company's payment obligations in respect of the Tranche D Loan are secured by the first priority security interest in and a lien on substantially all of the assets of the Company, subject to certain exceptions, that the Company granted to the Lenders in connection with the first tranche of term loans under the Loan Agreement.

The Amended and Restated Loan Agreement contains certain customary representations and warranties, affirmative and negative covenants and events of default applicable to the Company and its subsidiaries. If an event of default occurs and is continuing, the Collateral Agent may, among other things, accelerate the loans and foreclose on the collateral. The Company has determined that the risk of subjective acceleration under the material adverse events clause is not probable and therefore has classified the outstanding principal in non-current liabilities based on scheduled principal payments.

The Company has the following minimum aggregate future loan payments at March 31, 2021 (in thousands):

	As of March 31, 2021 (In thousands)
2021	$ —
2022	—
2023	—
2024	70,000
2025	75,000
2026	75,000
Total minimum payments	220,000
Less amounts representing interest and discount	(4,142)
Less current portion	—
Long-term debt, net of current portion	$ 215,858

For the three months ended March 31, 2021 and 2020, interest expense related to the Company's Loan Agreement was approximately $5.4 million and $0.7 million, respectively. The total carrying value of debt is classified as long-term on the condensed consolidated balance sheet as of March 31, 2021.

15. Stockholders' (Deficit) Equity

Common Stock

On March 24, 2020, the Company's board of directors adopted, subject to stockholder approval, an amendment to the Company's Restated Certificate of Incorporation to increase the number of authorized shares of common stock, $0.0001 par value per share, from 125,000,000 to 150,000,000 (the "Charter Amendment"). At the Company's 2020 Annual Meeting of Stockholders, the stockholders of the Company approved the Charter Amendment, which was filed with the Secretary of State of the State of Delaware on May 29, 2020. On April 8, 2021, the Company's board of directors adopted, subject to stockholder approval, a proposed amendment to the Company's Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 150,000,000 to 225,000,000. The number of authorized shares of preferred stock would not be affected by the proposed amendment.

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Common stockholders are entitled to dividends when and if declared by the board of directors.

In February 2020, the Company sold 2,500,000 shares of its common stock in connection with the exercise of its Put Option to sell shares of its common stock for an aggregate of $49.9 million in net proceeds after deducting financing costs of $0.1 million.

The issuance of these shares contributed to significant increases in the Company's shares of common stock outstanding as of March 31, 2021 and 2020 and in the weighted average shares outstanding for the three months ended March 31, 2021 and 2020 when compared to the comparable prior year periods.

Convertible Preferred Stock

On March 6, 2019, the Company entered into an Underwriting Agreement, (the "Preferred Stock Agreement"), that related to the public offering of 350,000 shares of Series A Convertible Preferred Stock, par value $0.0001 per share ("Series A Preferred Stock"), for a purchase price to the public of $115.00 per share. All of the Series A Preferred Stock was sold by the Company for net proceeds of $37.4 million.

Upon issuance, each share of Series A Preferred Stock included an embedded beneficial conversion feature because the market price of the Company's common stock on the date of issuance of the Series A Preferred Stock at $12.34 per share as compared to an effective conversion price of the Series A Preferred Stock of $11.50 per share. As a result, the Company recorded the intrinsic value of the beneficial conversion feature of $2.9 million as a discount on the Series A Preferred Stock at issuance. Because the Series A Preferred Stock is immediately convertible upon issuance and does not include mandatory redemption provisions, the discount on the Series A Preferred Stock was immediately accreted.

The Company evaluated the Series A Preferred Stock for liability or equity classification in accordance with the provisions of ASC 480, *Distinguishing Liabilities from Equity*, and determined that equity treatment was appropriate because the Series A Preferred Stock did not meet the definition of the liability instruments defined thereunder for convertible instruments. Specifically, the Series A Preferred Stock is not mandatorily redeemable and does not embody an obligation to buy back the shares outside of the Company's control in a manner that could require the transfer of assets. Additionally, the Company determined that the Series A Preferred Stock would be recorded as permanent equity, not temporary equity, based on the guidance of ASC 480 given that the holders of equally and more subordinated equity would be entitled to also receive the same form of consideration upon the occurrence of the event that gives rise to the redemption or events of redemption are within the control of the Company.

Voting Rights

Shares of Series A Preferred Stock will generally have no voting rights except as required by law and except that the consent of the holders of a majority of the outstanding shares of Series A Preferred Stock will be required to amend the terms of the Series A Preferred Stock or take certain other actions with respect to the Series A Preferred Stock.

Dividends

Shares of Series A Preferred Stock will be entitled to receive dividends equal to (on an as-if-converted-to-common stock basis), and in the same form and manner as, dividends actually paid on shares of the Company's common stock.

Liquidation Rights

Subject to the prior and superior rights of the holders of any senior securities of the Company, upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, each holder of shares of Series A Preferred Stock shall be entitled to receive, in

preference to any distributions of any of the assets or surplus funds of the Company to the holders of common stock, an amount equal to $0.001 per share of Series A Preferred Stock, plus an additional amount equal to any dividends declared but unpaid on such shares, before any payments shall be made or any assets distributed to holders of any class of common stock.

If, upon any such liquidation, dissolution or winding up of the Company, the assets of the Company shall be insufficient to pay the holders of shares of the Series A Preferred Stock the amount required under the preceding sentence, then all remaining assets of the Company shall be distributed ratably to holders of the shares of the Series A Preferred Stock in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

Conversion

Each share of Series A Preferred Stock shall be convertible, at any time and from time to time from and after the issuance date, at the option of the holder thereof, into a number of shares of common stock equal to 10 shares of common stock, provided that the holder will be prohibited from converting Series A Preferred Stock into shares of the Company's common stock if, as a result of such conversion, the holder, together with its affiliates and attribution parties, would own more than 9.99% of the total number of shares of common stock then issued and outstanding. The holder can change this requirement to a higher or lower percentage, not to exceed 9.99% of the number of shares of common stock outstanding, upon 61 days' notice to the Company.

In February 2020, 12,200 shares of Series A Preferred Stock were converted to 122,000 shares of common stock.

Redemption

The Company is not obligated to redeem or repurchase any shares of Series A Preferred Stock. Shares of Series A Preferred Stock are not entitled to any redemption rights or mandatory sinking fund or analogous fund provisions.

Warrants

In November 2019, the Company issued the Common Stock Warrant for the purchase of up to 2,500,000 shares of Common Stock at an exercise price of $20.00 per share to RPI pursuant to the RPI Purchase Agreement (for additional information see Note 13, *Sale of Future Royalties*), which were classified as equity and recorded at their relative fair value of $8.4 million to additional paid-in-capital on the consolidated balance sheets. The Common Stock Warrant remain outstanding as of March 31, 2021.

16. Stock-Based Compensation

Total stock-based compensation expense related to stock options, restricted stock units, shares issued under the employee stock purchase plan, and shares granted to non-employee directors in lieu of board fees was $7.0 million and $6.5 million for the three months ended March 31, 2021 and March 31, 2020, respectively.

Stock-based compensation expense is classified in the condensed consolidated statements of operations and comprehensive loss as follows:

	Three Months Ended March 31,	
	2021	2020
	(In thousands)	
Research and development	$ 2,230	$ 2,162
General and administrative	4,785	4,348
Total	$ 7,015	$ 6,510

Stock Options

The weighted-average grant date fair value of options, estimated as of the grant date using the Black-Scholes option pricing model, was $6.75 and $13.37 per option for those options granted during the three months ended March 31, 2021 and 2020, respectively. Key assumptions used to apply this pricing model were as follows:

	Three Months Ended March 31,	
	2021	2020
Risk-free interest rate	0.4%	1.3%
Expected life of options	6.00 years	5.98 years
Expected volatility of underlying stock	70.5%	70.3%
Expected dividend yield	0.0%	0.0%

The following is a summary of stock option activity for the three months ended March 31, 2021:

	Number of Options	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	(In thousands)		(In years)	(In thousands)
Outstanding at December 31, 2020	10,225	$ 14.77		
Granted	2,509	10.94		
Exercised	(22)	9.15		
Forfeited	(396)	15.51		
Outstanding at March 31, 2021	12,316	$ 13.97	7.81	$ 304
Exercisable at March 31, 2021	5,054	$ 14.29	6.58	$ 186

As of March 31, 2021, there was $57.0 million of unrecognized compensation cost related to stock options that are expected to vest. These costs are expected to be recognized over a weighted average remaining vesting period of 2.79 years.

Restricted Stock Units

During the three months ended March 31, 2021, 971,078 restricted stock units (“RSUs”) were granted to executives and employees. The awards were service-based. Assuming all service conditions are achieved, 25% of the RSUs would vest annually for four years.

	Number of Service Based RSU Shares (in thousands)	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2020	668	$ 17.56
Granted	971	10.99
Vested	(166)	17.60
Forfeited	(49)	14.20
Outstanding at March 31, 2021	1,424	$ 13.20

Compensation expense totaling $1.1 million and $0.5 million was recognized for the service-based RSUs for the three months ended March 31, 2021 and 2020, respectively. Compensation expense totaling $0.0 million and $1.4 million was recognized for the performance-based RSUs for the three months ended March 31, 2021 and 2020, respectively.

As of March 31, 2021, there was $17.2 million of unrecognized compensation cost related to service-based RSUs that are expected to vest. These costs are expected to be recognized over a weighted average remaining vesting period of 3.39 years. There was no unrecognized compensation cost as of March 31, 2021, related to performance-based RSUs, as all of the performance conditions have been achieved.

During 2019, the Company granted 604,000 RSUs to executives and employees, which contained performance conditions, 20% of the RSUs vested on June 30, 2019, 25% of the RSUs vested on January 23, 2020, 20% of the RSUs vested on March 24, 2020, and 30% of the RSUs vested on June 25, 2020 in connection with achievement of the final performance milestone.

17. Loss Per Share

Basic and diluted loss per share allocable to common stockholders are computed as follows:

	Three Months Ended March 31,	
	2021	2020
	(In thousands except per share data)	
Net loss	$ (70,274)	$ (50,937)
Weighted average shares outstanding	101,790	99,616
Basic and diluted loss per share allocable to common stockholders	$ (0.69)	$ (0.51)

The following common stock equivalents were excluded from the calculation of diluted loss per share allocable to common stockholders because their inclusion would have been anti-dilutive:

	Three Months Ended March 31,	
	2021	2020
	(In thousands)	
Stock options	12,316	9,624
Restricted stock units	1,424	839
Shares issuable under employee stock purchase plan	31	9
Series A Preferred Stock (if converted)	3,378	3,378
Warrants	2,500	2,500
	19,649	16,350

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

Our management's discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, which have been prepared by us in accordance with accounting principles generally accepted in the United States, or GAAP, and with Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended. This discussion and analysis should be read in conjunction with these condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in Part I, Item 1A. *Risk Factors* of our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the Securities and Exchange Commission on February 23, 2021 and in Part II, Item 1A. *Risk Factors* of this Quarterly Report on Form 10-Q, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Note on the COVID-19 Pandemic

While the COVID-19 pandemic has had an impact on our business, operations, and financial performance, we have taken and plan to continue to take steps to evaluate, monitor, manage, and respond to the challenges that have arisen from the COVID-19 pandemic and to new challenges that may arise. We continue to operate under a remote operating model for all employees other than certain members of our laboratory and facilities staff. As part of this remote operating model, our laboratory staff who engage in research and development activities continue to have restricted access to our laboratories. Accordingly, our laboratory staff are not yet back to their full daily output as existed prior to the onset of the COVID-19 pandemic. We continue to evaluate our remote operating model for our offices based on guidance from federal, state and local government authorities, and we expect that some form of this remote operating model will exist for us through at least the third quarter of 2021.

In addition, although the initiation, enrollment and completion of our ongoing and planned clinical trials are on schedule, we are aware of the impact that COVID-19 continues to have on other clinical trials in our industry and there is a risk of material impact on the conduct of our clinical trials as well. We are continuing to work with our clinical trial sites to ensure study continuity, enable medical monitoring, facilitate study procedures and maintain clinical data and records, including the use of local laboratories for testing, home delivery of study drug and remote data and records monitoring.

To date, the COVID-19 pandemic has not had a material impact on our supply chain, and we currently have a consistent supply of tazemetostat and TAZVERIK that we believe will cover our ongoing clinical development as well as the ongoing commercialization for epithelioid sarcoma, or ES, and follicular lymphoma, or FL. As a proactive measure, we have taken certain steps to try to reduce the risk to our supply chain, such as advancing orders for long-lead items in anticipation of potential future delays or shortages. Because the ongoing COVID-19 pandemic could materially adversely impact our suppliers and result in delays or disruptions in our current or future supply chain, we are continuing to monitor and manage our supply chain accordingly.

For our ongoing commercialization activities for TAZVERIK, our commercial and medical affairs field teams are continuing to use virtual formats as well as in-person interactions where possible in order to allow us to serve the needs of healthcare providers, patients and other stakeholders. Since the third quarter of 2020, the COVID-19 pandemic has continued to negatively impact ES and FL patient visits to physicians, new patient starts across all lines of treatment as well as the ability of our field-based teams to fully access ES and FL prescribers, and these challenges continue into the second quarter of 2021. Notwithstanding these challenges, commercial demand for TAZVERIK in FL has continued to increase month over month and new prescriptions are being written for both EZH2 mutation and wild-type patients, in the academic and community settings, and across multiple treatment lines in relapsed or refractory FL patients. In addition, payor coverage for ES and FL continues to be in-line with the TAZVERIK label. We continue to adapt our commercial strategy as the COVID-19 pandemic persists, including as the availability of COVID-19 vaccine doses increases, to support increased adoption of TAZVERIK in appropriate patients.

We continue to assess the potential duration, scope and severity of the COVID-19 pandemic and its impacts on our business, operations and financial performance, and we continue to work closely with our third-party vendors, collaborators and other parties in order to seek to continue to advance our commercialization efforts of TAZVERIK and to continue to advance the development of our pipeline, as quickly as possible, while making the health and safety of our employees and their families, healthcare providers, patients and communities a top priority. Due to the evolving and uncertain global impacts of the COVID-19 pandemic, however, we cannot precisely determine or quantify the impact that this pandemic has had on our business, operations and financial performance or the impact that this pandemic will have in 2021 and beyond.

Please refer to our Risk Factors set forth in Part I, Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2020 for further discussion of risks related to the COVID-19 pandemic.

Overview

We are a commercial-stage biopharmaceutical company that is committed to rewriting treatment for people with cancer through the discovery, development, and commercialization of novel epigenetic medicines. We aspire to change the standard of care for patients and physicians by developing targeted medicines with fundamentally new mechanisms of action directed at specific causes of hematological malignancies and solid tumors.

Our vision is focused on four transformative critical imperatives that we refer to as *The Next EPIsode: Rewriting Oncology Treatment with Epigenetics*. The four pillars of this five-year corporate strategy are:

- Maximize our effectiveness as a commercial organization to achieve adoption of TAZVERIK among as many FL and ES patients as possible, including in earlier treatment lines and in combination regimens with the data to support this expanded use;
- Build on TAZVERIK's pipeline-in-a-drug potential, demonstrating tazemetostat's benefit in additional hematological malignancies and solid tumors;
- Expand our pipeline and evolving oncology portfolio, bringing novel oncology therapeutics into clinical development to maintain our position as a leader in epigenetics; and
- Leverage options to expand patient reach and increase shareholder value, including through commercial, clinical, and research collaborations.

In January 2020, the U.S. Food and Drug Administration, or FDA, granted accelerated approval of TAZVERIK (tazemetostat), an oral, first in class, selective small molecule inhibitor of the EZH2 histone methyltransferase, or HMT, for the treatment of adult and pediatric patients aged 16 years and older with metastatic or locally advanced ES not eligible for complete resection. This approval was based on overall response rate and duration of response shown in the ES cohort of our Phase 2 trial in patients with INI1-negative tumors. We continue to make TAZVERIK available to eligible patients and their physicians in the United States.

As part of the accelerated approval for ES, continued approval for this indication is contingent upon verification and description of clinical benefit in a confirmatory trial. To provide this confirmatory evidence to support a full approval of TAZVERIK for this indication, we are conducting a single global, randomized, controlled Phase 1b/3 confirmatory trial (EZH-301) assessing TAZVERIK in combination with doxorubicin compared with doxorubicin plus placebo as a front-line treatment for ES. The trial is expected to enroll approximately 152 patients. We have completed the planned enrollment in the Phase 1b safety run-in portion of the trial and we expect to commence the Phase 3 efficacy portion of the trial in 2021. We anticipate reporting safety and preliminary activity data from the patients in the safety run-in portion of the study at the American Society of Clinical Oncology annual meeting in June 2021.

In June 2020, the FDA approved a supplemental New Drug Application, or sNDA, for TAZVERIK for the following FL indications: (1) adult patients with relapsed or refractory FL whose tumors are positive for an EZH2 mutation as detected by an FDA-approved test and who have received at least two prior systemic therapies, and (2) adult patients with relapsed or refractory FL who have no satisfactory alternative treatment options. These indications were approved under accelerated approval with a priority review, based on overall response rate and duration of response shown in the FL cohorts of our Phase 2 clinical trial in patients with EZH2 mutations and wild-type EZH2. We continue to make TAZVERIK available to eligible patients and their physicians in the United States.

As part of the accelerated approval for FL, continued approval for these indications is contingent upon verification and description of clinical benefit in a confirmatory trial. To provide this confirmatory evidence to support a full approval of TAZVERIK for these indications, we are conducting a single global, randomized, adaptive Phase 1b/3 confirmatory trial (EZH-302) assessing the combination of TAZVERIK with "R2" (Revlimid® plus rituximab), an approved chemotherapy-free treatment regimen, compared with R2 plus placebo for FL patients in the second-line or later treatment setting.
As of February 2021, the Phase 1b safety run-in portion of the EZH-302 trial had enrolled a total of 13 patients. In March 2021, we announced preliminary data from the safety run-in portion of the trial in these patients. Among the 13 patients evaluated in the safety run-in portion of the trial, which was conducted using a standard dose escalation design, no dose-limiting toxicities, or DLTs, were observed during the first cycle of treatment up to the highest dose of 800mg of TAZVERIK twice daily. As of mid-February 2021, initial data from these patients also showed:

- All but one of the 13 patients enrolled remain on therapy, and, as of mid-February 2021, seven of the patients were also considered evaluable for efficacy based on the availability of tumor scans from investigators.
- All seven evaluable patients demonstrated a response to treatment with TAZVERIK+R2 with three complete responses (CR) and four partial responses (PR).

The safety profile as of mid-February 2021 of TAZVERIK + R2 observed in these patients were in line with expectations based on the respective safety profile with the respective drugs; no patients have discontinued due to an adverse event.

Based on discussions with the FDA, we have expanded the Phase 1b safety-run in portion of the trial so that a minimum of 15 patients are evaluated in the Phase 1b safety run-in at the 600mg TAZVERIK twice daily dosing regimen and a minimum of 15 patients are evaluated in the Phase 1b safety run-in at the 800mg TAZVERIK twice daily dosing regimen before we initiate the Phase 3 randomization portion of the trial.

We plan to present further data from the safety run-in portion of the trial at the American Society of Hematology annual meeting in December 2021.

The Phase 3 portion of the trial will be a global, randomized, adaptive Phase 1b/3 confirmatory trial (EZH-302) assessing the combination of TAZVERIK with "R2" (Revlimid® plus rituximab), an approved chemotherapy-free treatment regimen, compared with R2 plus placebo for FL patients in the second-line or later treatment setting. We expect to conduct this part of the trial in 500 patients. The primary endpoint for the trial will be based on progression free survival as determined by investigator. Based on discussions with the FDA, the trial will include two interim analyses, the first of which is for futility only and second of which will be conducted for futility, and once 65% of progression free survival events have occurred, will also include an efficacy evaluation.

Through our planned development efforts, our intention is to eventually make TAZVERIK available in all lines of treatment for patients with FL. We plan to leverage the confirmatory trial and post-marketing commitments to expand TAZVERIK into the second-line treatment setting. In collaboration with The Lymphoma Study Association, or LYSA, and based on clinical activity observed with tazemetostat in combination with R-CHOP as a front-line treatment for patients with high risk diffuse large B-cell lymphoma, or DLBCL, we commenced a Phase 2 clinical trial that is being conducted by LYSA evaluating this combination as a front-line treatment for high-risk patients with FL. We also converted an investigator-sponsored study to evaluate tazemetostat in combination with rituximab with FL in the third-line or later treatment settings to a Company-sponsored study in order to expand the number of participating sites, and this study is currently enrolling patients. In addition, we are finalizing plans for investigator-sponsored studies to evaluate tazemetostat in combination with venetoclax or BTK inhibitors for the treatment of patients with FL in the third-line or later treatment settings.

We are developing tazemetostat for the treatment of a broad range of cancer types in multiple treatment settings. Tazemetostat has shown meaningful clinical activity as an investigational monotherapy in multiple cancer indications and has been generally well-tolerated across clinical trials to date. We believe tazemetostat is a "pipeline in a product" opportunity and plan to advance life-cycle development for tazemetostat to support its potential utility in additional indications and combinations.

In connection with these efforts, we are conducting a global, multi-center, randomized Phase 1b/2 trial (EZH-1101) evaluating tazemetostat in combination with enzalutamide or abiraterone, the standard of care treatments for metastatic castration-resistant prostate cancer, or mCRPC, plus prednisone in chemo-naïve patients with mCRPC. As of February 2021, we had completed enrollment in the Phase 1b safety run-in portion of the EZH-1101 trial with a total of 21 men with mCRPC. In March 2021, we announced preliminary data from the Phase 1b safety run-in portion of the trial.
Among the 21 patients enrolled in the safety run-in portion of the trial, which was conducted using a standard dose escalation design, no DLTs were observed at any dose of tazemetostat up to a maximum dose of 1600mg twice daily for patients receiving tazemetostat plus enzalutamide and 800mg twice daily for patients receiving tazemetostat plus abiraterone. As of mid-February 2021, initial data from the trial also showed:

- Seven out of 21 patients had a PSA response of ≥50%; one additional patient had a PSA response of ≥35%.
- Six of the PSA50 responses were in the tazemetostat + enzalutamide cohort (n=13) and one was in the tazemetostat + abiraterone/prednisone cohort (n=8).
- We also observed a 47% disease control rate to-date and presented an example of radiographic response in a patient achieving a confirmed PR in the trial.
- All responses were in ARV7 negative patients identified using the EPIC platform. Only one ARV7 positive patient was enrolled in the safety run-in portion of the trial.

We anticipate reporting further safety and preliminary activity data from the safety run-in portion of the trial at a medical meeting in 2021.

Based on these early safety and activity findings observed in the Phase 1b safety run-in portion of the EZH-1101 trial, we recently initiated enrollment in the Phase 2 efficacy portion of the trial evaluating tazemetostat in combination with enzalutamide compared to enzalutamide alone in 80 men with mCRPC. The primary endpoint for the trial is radiographic progression free survival.

There are four areas where we see the greatest potential for tazemetostat, all of which are based on a strong scientific hypothesis and for diseases that need a new effective and safe treatment option, including:

- Lymphomas and B-cell malignancies, such as DLBCL, mantle cell lymphoma, or MCL, multiple myeloma and others;
- Molecularly defined solid tumors, such as chordoma, melanoma, mesothelioma, and tumors harboring an EZH2 or SWI/SNF alteration;
- PARPi-resistant tumors, such as prostate cancer, small cell lung cancer, and ovarian cancer; and
- Immunotherapy resistant tumor settings (primary or acquired), including small cell lung cancer, prostate cancer, and others.

To efficiently evaluate tazemetostat's potential safety and efficacy across multiple new types of hematological malignancies and solid tumors, we plan to initiate two signal finding basket studies in the second half of 2021, a Phase 1b/2 trial evaluating tazemetostat with multiple combinations in hematological malignancies, and a Phase 2 trial evaluating tazemetostat with multiple combinations across three solid tumor types. By using this approach, we will study multiple combinations with standard of care therapies and novel mechanisms of action as we seek to expand the potential of TAZVERIK to patients and the physicians who treat them efficiently and effectively.

We own the global development and commercialization rights to tazemetostat outside of Japan. Eisai Co. Ltd, or Eisai, holds the rights to develop and commercialize tazemetostat in Japan.

TAZVERIK is available to eligible patients in the United States via a specialty distribution network. To commercialize TAZVERIK for the ES and FL indications in the United States, we have built a focused field presence and marketing capabilities. This includes an efficiently sized field-based organization of approximately 76 individuals.

For geographies outside the United States, we are evaluating the most efficient path to obtain marketing approval, commercialize and distribute TAZVERIK to reach patients, including pursuing potential strategic collaborations.

In Europe, we are continuing to explore and understand what may be necessary in order for us to submit a marketing authorization application to the European Medicines Agency, or EMA, in an effort to obtain marketing approval of tazemetostat from the EMA in ES and FL.

Tazemetostat is covered by claims of U.S. and European composition of matter patents, which are expected to expire in 2032, exclusive of any patent term or other extensions. Tazemetostat has been granted Fast Track designation by the FDA in patients with relapsed or refractory FL, relapsed or refractory DLBCL with EZH2 activating mutations and metastatic or locally advanced ES who have progressed on or following an anthracycline-based treatment regimen. The FDA has also granted orphan drug designation to tazemetostat for the treatment of patients with malignant rhabdoid tumors, or MRT, soft tissue sarcoma, and mesothelioma, and a seven-year orphan drug exclusivity period from the dates of our respective approvals of TAZVERIK for the treatment of patients with ES and for the treatment of patients with FL.

Beyond tazemetostat, we are utilizing our drug discovery platform to progress preclinical efforts and discover and identify additional product candidates to expand our pipeline of inhibitors against several classes of chromatin modifying proteins, or CMPs, including HMTs, histone acetyltransferases, or HATs, and helicases.

The most advanced of these product candidates is an oral inhibitor of SETD2. SETD2 is an HMT, similar to EZH2, which plays multiple important roles in oncogenesis. Based on the potential of SETD2 inhibition in multiple preclinical settings, including high risk t(4;14) multiple myeloma and in other B-cell malignancies such as diffuse large B-cell lymphoma, as well as in combination with existing and emerging therapies including tazemetostat, we plan to submit an Investigational New Drug application, or IND, to the FDA in mid-2021 and initiate a first-in-human clinical trial by the end of 2021.

To date, we have entered into various strategic collaborations, including with Glaxo Group Limited (an affiliate of GlaxoSmithKline plc), or GSK, Eisai, Roche and other third parties. As one of several key aspects of our strategy, we plan to continue to leverage our existing collaborations and to seek to identify new strategic collaborations to further support and grow our business in and outside of the United States.

Through March 31, 2021, in addition to revenues from product sales, we have raised an aggregate of $1,527.4 million to fund our operations. This includes $243.8 million of non-equity funding through our collaboration agreements, $368.1 million of funding, consisting of $150.0 million in equity funding received through agreements with RPI Finance Trust, or RPI, and $218.1 million in debt financing received through an amended and restated loan agreement, or the Amended and Restated Loan Agreement, with BioPharma Credit Investments V (Master) LP and BPCR Limited Partnership (as transferee of BioPharma Credit Investments V (Master) LP's interest as a lender), or the Lenders, $839.5 million from the sale of common stock and series A convertible preferred stock in our public offerings and $76.0 million from the sale of redeemable convertible preferred stock in private financings prior to our initial public offering in May 2013.

As of March 31, 2021, we had $298.9 million in cash, cash equivalents and marketable securities.

We commenced active operations in early 2008, and since inception, have incurred significant operating losses. Our net loss was $70.3 million for the three months ended March 31, 2021. As of March 31, 2021, our accumulated deficit totaled $1,059.0 million. Notwithstanding our sales of TAZVERIK, we expect to continue to incur significant expenses and operating losses over the next several years. Our net losses may fluctuate significantly from quarter to quarter and year to year. We expect our expenses to increase in connection with our ongoing activities, particularly as we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. In addition, we expect our expenses to increase as we fund our tazemetostat development program; make any milestone and royalty payments provided for and achieved under the amended and restated collaboration and license agreement with Eisai; pay interest and principal associated with the Amended and Restated Loan Agreement; and continue research and development and initiate clinical trials of, and seek regulatory approval for, any future product candidates.

Funding Agreements with BioPharma Credit Investments V (Master) LP, BPCR Limited Partnership, BioPharma Credit PLC and RPI Finance Trust

We executed a purchase agreement with RPI on November 4, 2019, or the RPI Purchase Agreement. Pursuant to the RPI Purchase Agreement, we sold to RPI 6,666,667 shares of our common stock and a warrant to purchase up to 2,500,000 shares of our common stock at an exercise price of $20.00 per share, or the Common Stock Warrant. We also sold our rights to receive royalties from Eisai with respect to net sales by Eisai of tazemetostat products in Japan, or the Japan Royalty, pursuant to the amended and restated collaboration and license agreement between us and Eisai, dated as of March 12, 2015, or the Eisai License Agreement. In consideration for the sale of shares of our common stock, the Common Stock Warrant and the Japan Royalty, RPI paid us $100.0 million upon the closing of the RPI Purchase Agreement in November 2019. In addition, RPI agreed, in connection with RPI's acquisition from Eisai of the right to receive royalties from us under the Eisai License Agreement, to reduce our royalty obligation by low single digits upon the achievement of specified annual net sales levels. We also had the option to sell to RPI $50.0 million of shares of common stock for an 18-month period beginning November 4, 2019, or the Put Option. On February 11, 2020, we sold 2,500,000 shares of common stock to RPI for an aggregate of $50.0 million in proceeds at a sale price of $20.00 per share of common stock pursuant to the Put Option.

On November 4, 2019, we also entered into a Loan Agreement with BioPharma Credit PLC, or the Collateral Agent, and the Lenders, providing for up to $70.0 million in secured term loans to be advanced in up to three tranches, or the Loan Agreement. We borrowed $70.0 million in the aggregate under the three tranches pursuant to the Loan Agreement.

On November 3, 2020, we, the Collateral Agent and the Lenders amended and restated the Loan Agreement, or, as amended and restated, the Amended and Restated Loan Agreement. The Amended and Restated Loan Agreement provides for, among other things, an additional secured term loan facility of $150.0 million, or the Tranche D Loan. On November 18, 2020, we borrowed the Tranche D Loan.

Under the Amended and Restated Loan Agreement, we have the right to request from the Lenders, subject to the Lenders' agreement to lend additional amounts to us, up to an additional $150.0 million, provided that we have not prepaid any outstanding term loans at the time of our request and such request is made before November 18, 2021.

The obligations under the Amended and Restated Loan Agreement remain secured by a first priority security interest that was granted at the time of the Loan Agreement in and a lien on substantially all of our assets, subject to certain exceptions.

The Amended and Restated Loan Agreement contains certain customary representations and warranties, affirmative and negative covenants and events of default applicable to us and our subsidiaries. If an event of default occurs and is continuing, the Collateral Agent under the Amended and Restated Loan Agreement may, among other things, accelerate the loans and foreclose on the collateral. See Note 14, *Long-Term Debt*, of the notes to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a description of the key terms of the Amended and Restated Loan Agreement.

Results of Operations

Revenues

The following is a comparison of total revenues for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,		
	2021	2020	Change
	(In millions)		
Product revenues, net	$ 6.2	$ 1.3	$ 4.9
Collaboration and other revenue	1.4	0.1	1.3
Total revenues	$ 7.6	$ 1.4	$ 6.2

Product Revenues, net

Net product revenues represent U.S. sales from our sole commercial product, TAZVERIK, which was first approved by the FDA on January 23, 2020, less allowances and accruals. During the three months ended March 31, 2021 and 2020, net product revenues were $6.2 million and $1.3 million, respectively. The $4.9 million increase reflects the timing of approval of TAZVERIK for ES in January 2020 and the approval of TAZVERIK for FL in June 2020. Sales allowances and accruals consisted of patient financial assistance, distribution fees, discounts, and chargebacks.

Collaboration and Other Revenue

Our collaboration and other revenue during the periods included amounts recognized from deferred revenue related to upfront payments for licenses or options to obtain licenses in the future, research and development services revenue earned, milestone payments earned under collaboration and license agreements with our collaboration partners and revenue from the sale of tazemetostat active pharmaceutical ingredient (API) and drug product to our licensees or collaborators.

In the three months ended March 31, 2021, we recognized $0.1 million in collaboration revenue. This collaboration revenue was earned as part of our supply agreement with Eisai for the manufacture and supply of tazemetostat and relates to technical support services. In the three months ended March 31, 2020, we recognized $0.1 million in collaboration revenue as part of our Boehringer Ingelheim collaboration. We recognized revenue as our research services were performed. The revenue recognized during the three months ended March 31, 2020 was related to an amendment to extend the research period under the collaboration agreement under which Boehringer Ingelheim agreed to fund up to $0.1 million of additional research activities. In December 2020, we received written notice from Boehringer Ingelheim to terminate the collaboration agreement, effective January 31, 2021.

During the three months ended March 31, 2021, other revenues were $1.3 million related to the sales of tazemetostat drug product to Eisai. We did not have other revenue in the three months ended March 31, 2020.

Cost of Revenues

The following is a comparison of cost of revenue for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,		
	2021	2020	Change
	(In millions)		
Cost of product revenue	$ 2.1	$ 0.6	$ 1.5
Cost of other revenue	0.8	—	0.8
Total cost of revenue	$ 2.9	$ 0.6	$ 2.3

The cost of revenues primarily consists of costs related to the sales of TAZVERIK and sales of tazemetostat API and finished goods to our collaborators or licensors. These costs include materials, labor, manufacturing overhead, amortization of milestone payments, and royalties payable on net sales of TAZVERIK. During the three months ended March 31, 2021, the cost of product revenue was $2.1 million and consisted of $0.1 million in costs associated with manufacturing TAZVERIK, $1.0 million in amortization expense related to the two $25.0 million milestone payments under our agreement with Eisai upon regulatory approval of TAZVERIK for epithelioid sarcoma and upon regulatory approval of TAZVERIK for follicular lymphoma, and $0.9 million in worldwide royalties due under the Eisai License Agreement on net sales of TAZVERIK in the three months ended March 31, 2021. Cost of other revenue consists of $0.8 million of costs related to sales of tazemetostat drug product to Eisai.

During the three months ended March 31, 2020, the cost of product revenue was $0.6 million and consisted of $0.1 million in costs associated with manufacturing TAZVERIK, $0.3 million in amortization expense related to the $25.0 million milestone payment under our agreement with Eisai upon regulatory approval of tazemetostat for epithelioid sarcoma, and $0.2 million in worldwide royalties due under the Eisai License Agreement on net sales of TAZVERIK in the three months ended March 31, 2020. We did not have cost of other revenues in the three months ended March 31, 2020. All product costs incurred prior to FDA approval of TAZVERIK in January 2020 were expensed as research and development expenses. We expect our cost of product revenues to continue to be positively impacted during 2021 and in future periods, as we sell through certain inventory that was expensed prior to FDA approval of TAZVERIK in January 2020.

Research and Development

Research and development expenses consist of expenses incurred in performing research and development activities, including clinical trials and related clinical manufacturing expenses, fees paid to external providers of research and development services, third-party clinical research organizations, or CROs, compensation and benefits for full-time research and development employees, facilities expenses, overhead expenses, and other outside expenses. Most of our research and development costs are external costs, which we track on a program-by-program basis. Our internal research and development costs are primarily compensation expenses for our full-time research and development employees, including stock-based compensation expense.

The following is a comparison of research and development expenses for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,		
	2021	2020	Change
	(In millions)		
Research and development	$ 32.7	$ 25.2	$ 7.5

During the three months ended March 31, 2021, total research and development expenses increased by $7.5 million compared to the three months ended March 31, 2020. The increase in the three months ended March 31, 2021 relates to increases in clinical trial expenses, and discovery research activities related to tazemetostat in other indications, which were offset by decreases in costs associated with the buildout of our regulatory and late-stage development groups.

The following table illustrates the components of our research and development expenses:

	Three Months Ended March 31,		
Product Program	2021	2020	Change
	(In millions)		
External research and development expenses:			
Tazemetostat and related EZH2 programs	$ 11.7	$ 8.6	$ 3.1
Pinometostat and related DOT1L programs	0.1	0.0	0.1
Discovery and preclinical stage product programs, collectively	5.8	3.7	2.1
Unallocated personnel and other expenses	15.1	12.9	2.2
Total research and development expenses	$ 32.7	$ 25.2	$ 7.5

External research and development costs include external manufacturing costs related to the acquisition of active pharmaceutical ingredient and manufacturing of clinical drug supply, ongoing clinical trial costs, discovery and preclinical research in support of the tazemetostat program and expenses associated with our companion diagnostic program.

External research and development expenses for tazemetostat and related EZH2 programs increased $3.1 million for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The increase for the three months ended March 31, 2021 relates to increases in clinical trial expenses, and discovery research activities related to tazemetostat in other indications, which were offset by decreases in costs associated with the buildout of our regulatory and late-stage development groups.

External research and development expenses for pinometostat and related DOT1L programs for the three months ended March 31, 2021 increased $0.1 million compared to the three months ended March 31, 2020. The costs incurred in the three months ended March 31, 2021 were primarily associated with costs attributed to the Cooperative Research and Development Agreement, or CRADA, with the National Cancer Institute, or NCI, to evaluate pinometostat in clinical trials in a variety of hematologic malignancies and solid tumors. There were no costs incurred related to pinometostat in 2020.

External research and development expenses for discovery and preclinical stage product programs increased $2.1 million for the three months ended March 31, 2021 compared to the three months ended March 31, 2020, primarily related to increased spending for discovery research activities and development activities related to our preclinical program.

Unallocated personnel and other expenses are comprised of compensation expenses for our full-time research and development employees and other general research and development expenses. Unallocated personnel and other expenses during the three months ended March 31, 2021 increased $2.2 million compared to the three months ended March 31, 2020. The increase is a result of increases in facilities and equipment related expenses and in unallocated personnel costs, offset by an increase in the allocation of expenses to projects.

We expect that research and development expenses will increase in 2021, as we increase our clinical trial activity for tazemetostat and utilize our drug discovery platform to progress preclinical efforts and pursue additional development candidates to expand our pipeline.

Selling, General and Administrative

Selling, general and administrative expenses consist primarily of salaries and related benefits, including stock-based compensation, related to our executive, finance, intellectual property, business development and support functions. Other selling, general and administrative expenses include allocated facility-related costs not otherwise included in research and development expenses, travel expenses and professional fees for auditing, tax and legal services, including intellectual property and general legal services.

The following is a comparison of selling, general and administrative expenses for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,		
	2021	2020	Change
	(In millions)		
Selling, general and administrative	$ 36.4	$ 26.9	$ 9.5

For the three months ended March 31, 2021, our selling, general and administrative expenses increased $9.5 million compared to the three months ended March 31, 2020. The increase for the three months ended March 31, 2021 compared to the three months ended March 31, 2020 is due to increased commercialization activities, including the build out of our sales force and commercial infrastructure to support the commercial launch of TAZVERIK in the approved ES and FL indications in 2020, and increased personnel related expenses.

We expect that selling, general and administrative expenses will increase in 2021, as we continue to increase our commercial activities for TAZVERIK.

Other (Expense) Income, Net

The following is a comparison of other (expense) income, net for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,		
	2021	2020	Change
	(In millions)		
Other (expense) income, net			
Interest income	$ 0.1	$ 1.5	$ (1.4)
Interest expense	(5.5)	(0.7)	(4.8)
Other income (expense), net	0.0	(0.1)	0.1
Non-cash interest expense related to sale of future royalties	(0.5)	(0.3)	(0.2)
Other (expense) income, net	$ (5.9)	$ 0.4	$ (6.3)

Other (expense) income, net consists of interest income earned on our cash equivalents and marketable securities, net of imputed interest expense paid under our capital lease obligation. The decrease in other income for the three months ended March 31, 2021 is principally due to an increase in interest expense of $4.8 million incurred in connection with our long-term debt obligations under our Amended and Restated Loan Agreement, a decrease in net interest income of $1.4 million, and an increase in non-cash interest expense related to the sale of future royalties of $0.2 million.

Income Tax Expense

We did not record a federal or state income tax provision or benefit for the three months ended March 31, 2021 and 2020 due to the expected and known loss before income taxes to be incurred, or incurred, as applicable, for the years ended December 31, 2021 and 2020, as well as our continued maintenance of a full valuation allowance against our net deferred tax assets, with the exception of the deferred tax asset related to alternative minimum tax credit.

Liquidity and Capital Resources

Through March 31, 2021, in addition to revenues from product sales, we have raised an aggregate of $1,527.4 million to fund our operations. This includes $243.8 million of non-equity funding through our collaboration agreements, $368.1 million of funding, consisting of $150.0 million in equity funding received through agreements with RPI Finance Trust, or RPI, and $218.1 million in debt financing received through a loan agreement with BioPharma Credit Investments V (Master) LP and BPCR Limited Partnership (as transferee of BioPharma Credit Investments V (Master) LP's interest as a lender), $839.5 million from the sale of common stock and series A convertible preferred stock in our public offerings and $76.0 million from the sale of redeemable convertible preferred stock in private financings prior to our initial public offering in May 2013. As of March 31, 2021, we had $298.9 million in cash, cash equivalents and marketable securities.

In November 2019, we raised approximately $123.1 million in net proceeds from the sale to RPI of 6,666,667 shares of our common stock, the Warrant and the Japan Royalty for, as well as from proceeds of the Tranche A Loan borrowings under the Loan Agreement. On February 11, 2020, we sold 2,500,000 shares of common stock to RPI for an aggregate of $50.0 million in proceeds at a sale price of $20.00 per share of common stock pursuant to the Put Option. On March 27, 2020, we received proceeds of the Tranche B Loan borrowings of $25.0 million under the Loan Agreement. On June 30, 2020, we received proceeds of the Tranche C Loan borrowings of $20.0 million under the Loan Agreement. On November 18, 2020 we received proceeds of the Tranche D Loan borrowings of $150.0 million under the Amended and Restated Loan Agreement.

In March 2019, we raised approximately $122.7 million in net proceeds (after deducting underwriting discounts and commissions and estimated offering expenses, but excluding any expenses and other costs reimbursed by the underwriters) from the sale of 11,500,000 shares of our common stock in a public offering at a price of $11.50 per share. We also raised approximately $37.4 million in net proceeds (after deducting underwriting discounts and commissions and estimated offering expenses, but excluding any expenses and other costs reimbursed by the underwriters) from the sale of 350,000 shares of series A convertible preferred stock in a public offering at a price of $115 per share. The series A convertible preferred stock is convertible into 3,500,000 shares of our common stock.

In October 2018, we raised approximately $81.6 million in net proceeds (after deducting underwriting discounts and commissions and offering expenses, but excluding any expenses and other costs reimbursed by the underwriters) from the sale of 9,583,334 shares of our common stock in a public offering at a price of $9.00 per share.

In addition to our existing cash, cash equivalents and marketable securities, we are eligible to earn a significant amount of milestone payments under our collaboration agreement with GSK. Our ability to earn these payments and the timing of earning these payments is dependent upon the outcome of our research and development activities and is uncertain at this time.

Funding Requirements

Our primary uses of capital are clinical trial costs, third-party research and development services, expenses related to commercialization, debt service obligations, compensation and related expenses, laboratory and related supplies, legal and other regulatory expenses and general overhead costs.

Because the continued approval of TAZVERIK in the approved indications is contingent upon verification and description of clinical benefit in confirmatory trials, and because we are developing tazemetostat for other indications, we cannot estimate the actual amounts necessary to successfully complete the development and commercialization of TAZVERIK for the indications that we are exploring or that we may plan to explore. Because any future product candidates are in various stages of preclinical development with uncertain outcomes, we also cannot estimate the actual amounts necessary to successfully complete the development and commercialization of future product candidates. Because of these uncertainties, we also cannot estimate whether, or when, we may achieve profitability. Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity or debt financings and collaboration arrangements. Except for any obligations of our collaborators to make license, milestone or royalty payments under our agreements with them, we do not have any committed external sources of liquidity. To the extent that we raise additional capital through the future sale of equity or debt, the ownership interest of our stockholders may be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our existing common stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through collaboration arrangements in the future, we may have to relinquish valuable rights to our technologies, future revenue streams or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise any additional funds that may be needed through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate 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.

Outlook

Based on our current operating plan, we expect that our existing cash, cash equivalents and marketable securities as of March 31, 2021, together with the cash we expect to generate from product sales, will be sufficient to fund our planned operating expenses and capital expenditure requirements and pay our debt service obligations as they become due into 2023, without giving effect to any potential milestone payments we may receive under our collaboration agreement with GSK. We have based this estimate on assumptions that may prove to be wrong, such as the revenue that we expect to generate from the sale of our products, and particularly as the process of testing drug candidates in clinical trials is costly and the timing of progress in these trials is uncertain. As a result, we could use our capital resources sooner than we expect.

Cash Flows

The following is a summary of cash flows for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,		
	2021	2020	Change
	(In millions)		
Net cash (used in) operating activities	$ (75.6)	$ (58.3)	$ (17.3)
Net cash (used in) provided by investing activities	(20.3)	19.5	(39.8)
Net cash provided by financing activities	1.4	78.5	(77.1)

Net Cash Used in Operating Activities

Net cash used in operating activities was $75.6 million during the three months ended March 31, 2021 compared to $58.3 million during the three months ended March 31, 2020. The increase in net cash used in operating activities primarily relates to our net loss of $70.3 million and changes in working capital of $14.6 million, partially offset by net depreciation and amortization of $1.8 million, non-cash stock-based compensation of $7.0 million, and non-cash interest expense associated with the sale of future royalties of $0.5 million.

Net Cash (Used in) Provided by Investing Activities

Net cash used in investing activities during the three months ended March 31, 2021 reflects maturities of available-for-sale securities of $100.4 million, offset by $120.6 million of purchases of available-for-sale securities, and $0.1 million of purchases of property and equipment.

Net cash provided by investing activities during the three months ended March 31, 2020 reflects maturities of available-for-sale securities of $58.6 million, offset by $14.0 million of purchases of available-for-sale securities, a $25.0 million milestone payment under the Eisai collaboration agreement upon regulatory approval of tazemetostat for ES, and $0.1 million of purchases of property and equipment.

Net Cash Provided by Financing Activities

Net cash provided by financing activities of $1.4 million during the three months ended March 31, 2021 primarily reflects the purchases of shares under our employee stock purchase plan of $1.2 million and stock option exercises of $0.2 million.

Net cash provided by financing activities of $78.5 million during the three months ended March 31, 2020 primarily reflects cash received from the sale of common stock of $50.0 million in connection with our exercise of our Put Option to sell shares of our common stock to Royalty Pharma, net cash received during the period from Tranche B Loan borrowings of $25.0 million under the Loan Agreement, stock option exercises of $3.1 million, and the purchases of shares under our employee stock purchase plan of $0.6 million, partially offset by payments of debt issuance costs of $0.1 million and offering costs of $0.1 million.

Contractual Obligations

There were no material changes to our contractual obligations and commitments described under “Management’s Discussion and Analysis and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Critical Accounting Policies and Use of Estimates

Our management’s discussion and analysis of financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these condensed consolidated financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the balance sheets and the reported amounts of collaboration revenue, inventories and expenses during the reporting periods. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances at the time such estimates are made. Actual results and outcomes may differ materially from our estimates, judgments and assumptions. We periodically review our estimates in light of changes in circumstances, facts and experience. The effects of material revisions in estimates are reflected in the condensed consolidated financial statements prospectively from the date of the change in estimate.

We define our critical accounting policies as those accounting principles generally accepted in the United States of America that require us to make subjective estimates and judgments about matters that are uncertain and are likely to have a material impact on our financial condition and results of operations as well as the specific manner in which we apply those principles. Management has determined that our most critical accounting policies are those relating to revenue recognition, inventories, stock-based compensation and research and development expenses, including our accounting for clinical trial expense and accruals. As our clinical development plan for tazemetostat progresses, we expect research and development expenses and, in particular, our accounting for clinical trial accruals to be an increasingly important critical accounting policy.

During the three months ended March 31, 2021, there have been no material changes with respect to our critical accounting policies disclosed in our Annual Report on Form 10-K for our fiscal year ended December 31, 2020.

Recently Adopted Accounting Pronouncements

For detailed information regarding recently issued accounting pronouncements and the expected impact on our condensed consolidated financial statements, see Note 2, *Summary of Significant Accounting Policies—Recently Adopted Accounting Pronouncements*, in the accompanying Notes to Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The market risk inherent in our financial instruments and in our financial position represents the potential loss arising from adverse changes in interest rates. As of March 31, 2021, we had cash and cash equivalents and marketable securities of $298.9 million consisting of money market funds, corporate bonds, commercial paper and government-related obligations. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. We estimate that a hypothetical 100-basis point change in market interest rates would impact the fair value of our investment portfolio as of March 31, 2021 by $0.1 million.

We contract with contract research organizations and manufacturers globally. Transactions with these providers are predominantly settled in U.S. dollars and, therefore, we believe that we have only minimal exposure to foreign currency exchange risks. We do not hedge against foreign currency risks.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We have established disclosure controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to management, including the principal executive officer and the principal financial officer, to allow timely decisions regarding required disclosure.

Our management, under the supervision and with the participation of the principal executive officer (our Chief Executive Officer) and the principal financial officer (our Chief Financial Officer), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Our disclosure controls and procedures have been designed to provide reasonable assurance of achieving their objectives. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2021.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1A. Risk Factors

The following information updates, and should be read in conjunction with, the risk factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020, or the 2020 10-K. Any of the risk factors contained in this Quarterly Report on Form 10-Q and the 2020 10-K could materially affect our business, financial condition or future results, and such risk factors may not be the only risks we face. The COVID-19 pandemic has heightened, and in some cases manifested, certain of the risks we normally face in operating our business, including those disclosed in the 2020 10-K, and the risk factor disclosure in the 2020 10-K is qualified by the information relating to COVID-19 that is described in this Quarterly Report on Form 10-Q. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

Risks Related to Product Development and Commercialization

We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do.

The development and commercialization of new drug products is highly competitive. We face competition with respect to tazemetostat, and will likely face competition with respect to any product candidates that we may seek to develop or commercialize in the future, from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. There are a number of large pharmaceutical and biotechnology companies that currently market and sell products or are pursuing the development of products for the treatment of many of the indications for which we are selling TAZVERIK and for which we are developing tazemetostat. Some of these competitive products and therapies are based on scientific approaches that are the same as or similar to our approach, and others are based on entirely different approaches. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization of pharmaceutical products that may compete with our products or product candidates. Tazemetostat and any future product candidates that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future.

In the relapsed and refractory FL patient setting, both current and near-term competition exists. The most common current treatments for FL are chemotherapies, usually combined with the CD-20 antibodies Rituxan or Gazyva. Multiple PI3K therapies, such as idelalisib (ZYDELIG), copanlisib (ALIQOPA), duvelisib (COPIKTRA), and umbralisib (UKONIQ) are approved for patients with relapsed/refractory FL. These therapies are utilized predominantly in the third line or later treatment. While CD20 and PI3K therapies are approved in FL, there are no therapies that are approved specifically for the treatment of tumors associated with EZH2 activating mutations. There are a number of companies currently evaluating investigational agents in the relapsed and refractory follicular lymphoma patient setting including the development of CAR-T therapies and bispecific monoclonal antibodies. In the first quarter of 2021, Kite Pharma, a subsidiary of Gilead Sciences, received FDA approval for its CAR-T therapy, YESCARTA, for the treatment of relapsed or refractory FL patients.

In the ES patient setting, there are no therapies approved specifically for epithelioid sarcoma, other than TAZVERIK. Most of the approved therapies utilized in ES are more broadly approved for soft tissue sarcoma in general. Furthermore, the only therapies in late stage clinical trials are being developed broadly for the treatment of soft tissue sarcoma as well.

There are a large number of companies developing or marketing treatments for cancer, including many major pharmaceutical and biotechnology companies. Companies that are developing new epigenetic treatments for cancer that target histone methyltransferases, or HMTs, and protein arginine methyltransferases, or PRMTs, include GSK, Johnson & Johnson, Pfizer, Inc., Daiichi Sankyo Company Limited, and Constellation Pharmaceuticals. Further, companies which are known to have EZH2 inhibitor programs or related programs include: Constellation Pharmaceuticals, developing an EZH2 inhibitor (CPI-0209, Phase 1/2 for advanced tumors (solid tumors and diffuse large B-cell lymphoma, or DLBCL)); Novartis AG, developing an EED inhibitor which indirectly blocks EZH2 (MAK683, Phase 1/2 for advanced malignancies (DLBCL)); Daiichi Sankyo, developing a EZH1/EZH2 dual inhibitor (valemetostat, DS-3201, Phase 1 for relapsed or refractory non-Hodgkin lymphomas, AML, ALL as well as Phase 2 for small cell lung cancer and relapsed or refractory adult T-cell leukemia/lymphoma); Pfizer, developing an EZH2 inhibitor (PF-06821497, Phase 1 for relapsed or refractory small cell lung cancer, castration-resistant prostate cancer, FL and diffuse large B-cell lymphoma); and Jiangsu Hengrui Pharmaceutical, developing an EZH2 inhibitor (SHR2554, Phase 2 for B-cell malignancies) in China. In addition, many companies are developing cancer therapeutics that work by targeting epigenetic mechanisms other than HMTs, including Celgene Corporation (now part of Bristol-Myers Squibb), or Celgene, Merck & Co., Inc., Secura Bio, Spectrum Pharmaceuticals, and Otsuka Pharmaceuticals Co., Ltd., which are marketing cancer treatments that work by targeting epigenetic mechanisms other than HMTs.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than tazemetostat for ES, FL or any indication for which we may develop tazemetostat or any other products that we may develop. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for tazemetostat for any future indication for which we may develop tazemetostat or any other product we may develop, which could result in our competitors establishing a strong market position before we are able to enter the market. In addition, our ability to compete may be affected in many cases by insurers or other third-party payors seeking to encourage the use of generic products. Generic products are currently on the market for many of the indications that we are pursuing, and additional products are expected to become available on a generic basis over the coming years. We expect that tazemetostat will continue to be priced at a significant premium over competitive generic products.

Many of the companies against which we are competing or against which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do.

Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Item 6. Exhibits

The exhibits filed as part of this Quarterly Report on Form 10-Q are as follows:

Exhibit Number	Description of the Exhibit
10.1	Form of Stock Option Agreement under 2013 Stock Incentive Plan (1)
10.2	Form of Restricted Stock Unit Agreement under 2013 Stock Incentive Plan (1)
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (1)
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (1)
32.1	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, by Robert B. Bazemore, President and Chief Executive Officer of the Company, and Paolo Tombesi, Principal Financial Officer of the Company. (2)
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Schema Document.
101.CAL	Inline XBRL Calculation Linkbase Document.
101.LAB	Inline XBRL Labels Linkbase Document.
101.PRE	Inline XBRL Presentation Linkbase Document.
101.DEF	Inline XBRL Definition Linkbase Document.
104	Cover Page Interactive Data (embedded within the Inline XBRL document).

(1) Filed with this Form 10-Q.

(2) This certification is being furnished solely to accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing of the registrant under the Securities Act of 1933, as amended, or Securities Exchange Act of 1934, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

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

Dated: May 6, 2021

EPIZYME, INC.

By: /s/ Paolo Tombesi
Paolo Tombesi
Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.1

EPIZYME, INC.

STOCK OPTION AGREEMENT

Epizyme, Inc. (the "Company") hereby grants the following stock option pursuant to its 2013 Stock Incentive Plan. The terms and conditions attached hereto are also a part hereof.

Notice of Grant

Name of optionee (the "Participant"):	
Grant Date:	
Incentive Stock Option or Non-Qualified Stock Option:	
Number of shares of the Company's Common Stock subject to this option ("Shares"):	
Option exercise price per Share:[1]	
Vesting Start Date:	
Final Exercise Date: [2]	
Vesting Schedule:	
All vesting is dependent on the Participant remaining an Eligible Participant, as provided herein.	

Please confirm your acceptance of this stock option grant and of the terms and conditions of this stock option agreement by signing a copy of this agreement where indicated below or by accepting this grant electronically.

Epizyme, Inc.

By:
Name of Officer:
Title:

Signature of Participant

Name of Participant

Street Address

City/State/Zip Code

1. This must be at least 100% of the Grant Date Fair Market Value (as defined in the Plan) of the Common Stock on the date of grant (110% in the case of a Participant that owns more than 10% of the total combined voting power of all classes of stock of the Company or its parent or subsidiary (a "10% Shareholder")) for the option to qualify as an incentive stock option (an "ISO") under Section 422 of the Internal Revenue Code.

2 The Final Exercise Date must be no more than 10 years (5 years in the case of a 10% Shareholder) from the date of grant for the option to qualify as an ISO. The correct approach to calculate the final exercise date is to use the day immediately prior to the date ten years out from the date of the stock option award grant (5 years in the case of a 10% stockholder).

Stock Option Agreement
Incorporated Terms and Conditions

1. Grant of Option.

This agreement evidences the grant by the Company, on the grant date (the "Grant Date") set forth in the Notice of Grant that forms part of this agreement (the "Notice of Grant"), to the Participant of an option to purchase, in whole or in part, on the terms provided herein and in the Company's 2013 Stock Incentive Plan (the "Plan"), the number of Shares set forth in the Notice of Grant of common stock, $0.0001 par value per share, of the Company ("Common Stock"), at the exercise price per Share set forth in the Notice of Grant. Unless earlier terminated, this option shall expire at 5:00 p.m., Eastern time, on the Final Exercise Date set forth in the Notice of Grant (the "Final Exercise Date").

The option evidenced by this agreement is intended to be an incentive stock option as defined in Section 422 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code") to the maximum extent permitted by law, solely to the extent designated as an incentive stock option in the Notice of Grant. Except as otherwise indicated by the context, the term "Participant", as used in this option, shall be deemed to include any person who acquires the right to exercise this option validly under its terms.

2. Vesting Schedule.

This option will become exercisable ("vest") in accordance with the vesting schedule set forth in the Notice of Grant. Any fractional number resulting from the vesting schedule set forth in the Notice of Grant shall be rounded down to the nearest whole number except with respect to the last vesting period.

The right of exercise shall be cumulative so that to the extent the option is not exercised in any period to the maximum extent permissible it shall continue to be exercisable, in whole or in part, with respect to all Shares for which it is vested until the earlier of the Final Exercise Date or the termination of this option under Section 3 hereof or the Plan.

3. Exercise of Option.

(a) Form of Exercise. Each election to exercise this option shall be in writing, in the form of the Stock Option Exercise Notice attached as Annex A, signed by the Participant, and received by the Company at its principal office, accompanied by this agreement, or in such other form (which may be electronic) as is approved by the Company, together with payment in full in the manner provided in the Plan. The Participant may purchase less than the number of shares covered hereby, provided that no partial exercise of this option may be for any fractional share.

(b) Continuous Relationship with the Company Required. Except as otherwise provided in this Section 3, this option may not be exercised unless the Participant, at the time he or she exercises this option, is, and has been at all times since the Grant Date, an employee, director or officer of, or consultant or advisor to, the Company or any other entity the employees, officers, directors, consultants, or advisors of which are eligible to receive option grants under the Plan (an "Eligible Participant").

(c) Termination of Relationship with the Company. If the Participant ceases to be an Eligible Participant for any reason, then, except as provided in paragraphs (d) and (e) below, the right to exercise this option shall terminate three months after such cessation (but in no event after the Final Exercise Date), provided that this option shall be exercisable only to the extent that the Participant was entitled to exercise this option on the date of such cessation. Notwithstanding the foregoing, if the Participant, prior to the Final Exercise Date, violates the restrictive covenants (including, without limitation, the non-competition, non-solicitation, or confidentiality provisions) of any employment contract, any non-competition, non-solicitation, confidentiality or assignment agreement to which the Participant is a party, or any other agreement between the Participant and the Company, the right to exercise this option shall terminate immediately upon such violation.

(d) Exercise Period Upon Death or Disability. If the Participant dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) prior to the Final Exercise Date while he or she is an Eligible Participant and the Company has not terminated such relationship for "cause" as specified in paragraph (e) below, this option shall be exercisable, within the period of one year following the date of death or disability of the Participant, by the Participant (or in the case of death by an authorized transferee), provided that this option shall be exercisable only to the extent that this option was exercisable by the Participant on the date of his or her death or disability, and further provided that this option shall not be exercisable after the Final Exercise Date.

(e) Termination for Cause. If, prior to the Final Exercise Date, the Participant's employment or other relationship is terminated by the Company for Cause (as defined below), the right to exercise this option shall terminate immediately upon the effective date of such termination of employment or other relationship. If, prior to the Final Exercise Date, the Participant is given notice by the Company of the termination of his or her employment or other relationship by the Company for Cause, and the effective date of such employment or other termination is subsequent to the date of delivery of such notice, the right to exercise this option shall be suspended from the time of the delivery of such notice until the earlier of (i) such time as it is determined or otherwise agreed that the Participant's employment or other relationship shall not be terminated for Cause as provided in such notice or (ii) the effective date of such termination of employment or other relationship (in which case the right to exercise this option shall, pursuant to the preceding sentence, terminate upon the effective date of such termination of employment or other relationship). If the Participant is subject to an individual employment, consulting or severance agreement with the Company or eligible to participate in a Company severance plan or arrangement, in any case which agreement, plan or arrangement contains a definition of "cause" for termination of employment or other relationship, "Cause" shall have the meaning ascribed to such term in such agreement, plan or arrangement. Otherwise, "Cause" shall mean willful misconduct by the Participant or willful failure by the Participant to perform his or her responsibilities to the Company (including, without limitation, breach by the Participant of any provision of any employment, consulting, advisory, nondisclosure, non-competition or other similar agreement between the Participant and the Company), as determined by the Company, which determination shall be conclusive. The Participant's employment or other relationship shall be considered to have been terminated for Cause if the Company determines, within 30 days after the Participant's resignation, that termination for Cause was warranted.

4. Tax Matters.

(a) Withholding. No Shares will be issued pursuant to the exercise of this option unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of, any federal, state or local withholding taxes required by law to be withheld in respect of this option.

(b) Disqualifying Disposition. If this option is an incentive stock option and the Participant disposes of Shares acquired upon exercise of this option within two years from the Grant Date or one year after such Shares were acquired pursuant to exercise of this option, the Participant shall notify the Company in writing of such disposition.

5. Transfer Restrictions.

This option may not be sold, assigned, transferred, pledged, encumbered or otherwise disposed of by the Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the lifetime of the Participant, this option shall be exercisable only by the Participant.

6. Provisions of the Plan.

This option is subject to the provisions of the Plan (including the provisions relating to amendments to the Plan), a copy of which is furnished to the Participant with this option.

ANNEX A

Epizyme, Inc.

Stock Option Exercise Notice

Epizyme, Inc.
400 Technology Square
Cambridge, MA 02139

Dear Sir or Madam:

I, _____ (the "Participant"), hereby irrevocably exercise the right to purchase _____ shares of the Common Stock, $0.0001 par value per share (the "Shares"), of Epizyme, Inc. (the "Company") at $_____ per share pursuant to the Company's 2013 Stock Incentive Plan and a stock option agreement with the Company dated _____ (the "Option Agreement"). Enclosed herewith is a payment of $_____, the aggregate purchase price for the Shares. The certificate for the Shares should be registered in my name as it appears below or, if so indicated below, jointly in my name and the name of the person designated below, with right of survivorship.

Dated: _____

_____
Signature
Print Name:
Address:

_____
_____

Name and address of persons in whose name the Shares are to be jointly registered (if applicable):

_____

Exhibit 10.2

EPIZYME, INC.
RESTRICTED STOCK UNIT AWARD AGREEMENT (the "**Agreement**")

Epizyme, Inc. (the "Company") has selected you to receive an award of restricted stock units ("RSUs") pursuant to the Company's 2013 Stock Incentive Plan (the "Plan"). The terms and conditions attached hereto are also a part hereof. Terms used in this Agreement which are not defined in this Agreement shall have the meanings used or defined in the Plan.

Notice of Grant

Name of recipient (the "Participant"):	
Grant Date (the "Grant Date"):	
Number of RSUs:	
Vesting Start Date:	
Vesting Schedule:	
All vesting is dependent on the Participant remaining an Eligible Participant, as provided herein.	

Please confirm your acceptance of this restricted stock unit award and of the terms and conditions of this Agreement by signing a copy of this Agreement where indicated below or by accepting this award electronically.

Epizyme, Inc.

By:
Name of Officer:
Title:

Signature of Participant

Name of Participant

Street Address

City/State/Zip Code

EPIZYME, INC.

Restricted Stock Unit Award Agreement
Incorporated Terms and Conditions

The award of RSUs granted to the Participant hereunder is made pursuant to the Plan. The terms and conditions of the award of RSUs made to the Participant, as set forth in the Notice of Grant that forms part of this Agreement (the "Notice of Grant") as set forth on the previous page of this Agreement, are as follows:

1. Grant of Restricted Stock Units.

The RSUs are issued to the Participant, effective as of the Grant Date set forth in the Notice of Grant, in consideration of services to be rendered by the Participant to the Company.

2. Vesting Schedule. Unless otherwise provided in this Agreement or in the Plan, the RSUs shall vest in accordance with the vesting schedule set forth in the Notice of Grant. Any fractional shares that would otherwise vest as of a particular date will be rounded down and carried forward to the next vesting date until a whole share can be issued. Upon the vesting of this award, the Company shall deliver, for each RSU that becomes vested, one (1) share of Common Stock (as defined in the Plan). The Common Stock shall be delivered as soon as practicable following each vesting date or event set forth in the Notice of Grant, but in any case, within thirty (30) days after such date or event.

3. Termination of Relationship.

Notwithstanding any other provision of the Plan to the contrary, if the Participant ceases to be an employee, director or officer of, or consultant or advisor to the Company or any other entity the employees, officers, directors, consultants or advisors of which are eligible to received restricted stock unit awards under the Plan (an "Eligible Participant") for any reason or no reason, with or without cause, all of the RSUs that are unvested as of the time of such cessation shall be forfeited immediately and automatically to the Company, without the payment of any consideration to the Participant, effective as of such cessation. The Participant shall have no further rights with respect to any RSUs that are so forfeited. If the Participant provides services to a subsidiary of the Company, any references in this Agreement to employment by or a relationship with the Company shall instead be deemed to refer to employment by or a relationship with such subsidiary.

Notwithstanding any other provision of the Plan, this Agreement or any other agreement (written or oral) to the contrary, the Participant shall not be entitled (and by entering into this Agreement, hereby irrevocably waives any such entitlement) to any payment or other benefit to compensate the Participant for the loss of any rights under the Plan as a result of the termination or expiration of an award in connection with any termination of the Participant's relationship with the Company.

4. Transfer Restrictions.

Except as set forth in the Plan, this award may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law or otherwise.

5. Rights as a Stockholder.

The Participant shall have no rights as a stockholder of the Company with respect to any shares of Common Stock underlying or relating to any award until the issuance of such Common Stock to the Participant in respect of such award.

6. Provisions of the Plan.

This Agreement is subject to the provisions of the Plan, a copy of which is furnished to the Participant with this Agreement.

7. Tax Obligations.

(a) Acknowledgments; No Section 83(b) Election. The Participant acknowledges that he or she is responsible for obtaining the advice of the Participant's own tax advisors with respect to the award of RSUs and the Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents with respect to the tax consequences relating to the RSUs. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's tax liability that may arise in connection with the acquisition, vesting and/or disposition of the RSUs. The Participant acknowledges that no election under Section 83(b) of the Internal Revenue Code, as amended, is available with respect to RSUs.

(b) Withholding. The Participant acknowledges and agrees that the Company has the right to deduct from payments of any kind otherwise due to the Participant any federal, state, local or other taxes of any kind required by law to be withheld with respect to the vesting of the RSUs. At such time as the Participant is not aware of any material nonpublic information about the Company or the Common Stock and is not subject to a blackout period under the Company's insider trading policy, the Participant may execute the instructions set forth in Exhibit A attached hereto (the "Durable Automatic Sale Instructions") as the means of satisfying such tax obligation. If the Participant does not execute the Durable Automatic Sale Instructions prior to an applicable vesting date, then the Participant agrees that, if under applicable law the Participant will owe taxes at such vesting date on the portion of the Award then vested, the Company shall be entitled to immediate payment from the Participant of the amount of any tax required to be withheld by the Company. Notwithstanding the foregoing, if the Participant is unable to execute the Durable Automatic Sale Instructions prior to one or more vesting dates or events under this RSU Award because the Participant has been in continuous possession of material nonpublic information about the Company or the Common Stock or otherwise subject to a blackout period between the Grant Date of the RSU Award and the applicable vesting date or event, then the Participant acknowledges and agrees that the withholding shall be satisfied by the Company retaining from the number of shares of Common Stock otherwise issuable to the Participant on the applicable vesting date or event, a number of shares of Common Stock having a fair market value equal to the amount of withholding tax required to be paid to the Company by the Participant. The Company is not obligated to, and shall not, deliver any shares of Common Stock to the Participant until it is satisfied that all required withholdings have been made.

8. Miscellaneous.

(a) No Right to Continued Relationship. The Participant acknowledges and agrees that, notwithstanding the fact that the vesting of the RSUs is contingent upon his/her continued relationship with the Company, this Agreement does not constitute an express or implied promise of a continued relationship or confer upon the Participant any rights with respect to a continued relationship with the Company.

(b) Governing Law. This Agreement shall be construed, interpreted and enforced in accordance with the internal laws of the State of Delaware without regard to any applicable conflicts of laws provisions.

(c) Participant's Acknowledgments. The Participant acknowledges that he or she has read this Agreement, has received and read the Plan, and understands the terms and conditions of this Agreement and the Plan.

Exhibit A

DURABLE AUTOMATIC SALE INSTRUCTION

This Durable Automatic Sale Instruction is being delivered to Epizyme, Inc. (the "Company") by the undersigned on the date set forth below.

I hereby acknowledge that the Company has granted, or may in the future from time to time grant, to me restricted stock units ("RSUs") under the Company's equity incentive plans as in effect from time to time.

I acknowledge that upon the vesting dates applicable to any such RSUs, I will have compensation income equal to the fair market value of the shares of the Company's common stock subject to the RSUs that vest on such date and that the Company is required to withhold income and employment taxes in respect of that compensation income on the applicable vesting date.

I desire to establish a process to satisfy such withholding obligation in respect of all RSUs that have been, or may in the future be, granted by the Company to me through an automatic sale of a portion of the shares of the Company's common stock that would otherwise be issued to me on each applicable vesting date, such portion to be in an amount sufficient to satisfy such withholding obligation, with the proceeds of such sale delivered to the Company in satisfaction of such withholding obligation.

I understand that the Company has arranged for the administration and execution of its equity incentive plans and the sale of securities by plan participants thereunder pursuant to an Internet-based platform administered by a third party (the "Administrator") and the Administrator's designated brokerage partner.

Upon any vesting of my RSUs from and after the date of this Durable Automatic Sale Instruction, I hereby appoint the Administrator (or any successor administrator) to automatically sell such number of shares of the Company's common stock issuable with respect to my RSUs that vest as is sufficient to generate net proceeds sufficient to satisfy the Company's minimum statutory withholding obligations with respect to the income recognized by me upon the vesting of the RSUs (based on minimum statutory withholding rates for all tax purposes, including payroll and social security taxes, that are applicable to such income), and the Company shall receive such net proceeds in satisfaction of such tax withholding obligation.

I hereby appoint the Chief Executive Officer, the Chief Financial Officer and the General Counsel of the Company, and any of them acting alone and with full power of substitution, to serve as my attorneys in fact to arrange for the sale of shares of common stock in accordance with this these durable automatic sale instructions unless and until I notify the Company in writing of my revocation of these durable automatic sale instructions which revocation may be undertaken only in accordance with the Company's insider trading policy and other applicable policies, as well as applicable securities laws. I agree to execute and deliver such documents, instruments and certificates as may reasonably be required in connection with the sale of the shares of common stock pursuant to these durable automatic sale instructions.

By signing below, I hereby represent to the Company that, as of the date hereof, I am not aware of any material nonpublic information about the Company or its common stock and that I am not prohibited from entering into these durable automatic sale instructions by the Company's insider trading policy or otherwise. I have structured these automatic sale instructions to constitute a "binding contract" relating to the sale of common stock, consistent with the affirmative defense to

liability under Section 10(b) of the Securities Exchange Act of 1934 under Rule 10b5-1(c) promulgated under such Act.

_____

Print Name: _____

Date: _____

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) / RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Robert B. Bazemore, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Epizyme, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2021

/s/ Robert B. Bazemore
Robert B. Bazemore
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) / RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Paolo Tombesi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Epizyme, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2021

/s/ Paolo Tombesi
Paolo Tombesi
Chief Financial Officer

Exhibit 32.1

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

In connection with this Quarterly Report on Form 10-Q of Epizyme, Inc. (the "Company") for the period ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, Robert B. Bazemore, President and Chief Executive Officer of the Company, and Paolo Tombesi, Chief Financial Officer, hereby certifies, pursuant to 18 U.S.C. (section) 1350, as adopted pursuant to (section) 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: May 6, 2021

/s/ Robert B. Bazemore

Robert B. Bazemore
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Paolo Tombesi

Paolo Tombesi
Chief Financial Officer
(Principal Financial Officer)