

REFINITIV




DELTA REPORT

10-Q

KA - KINETA, INC./DE

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1554
 CHANGES	201
 DELETIONS	844
 ADDITIONS	509

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30**, **March 31**, **2023** **2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE
TRANSITION PERIOD FROM TO

Commission File Number 001-37695

KINETA, INC.

(Exact name of Registrant as specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

20-8436652

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

219 Terry Ave. N. 7683 SE 27th Street, Suite 300 481

Seattle Mercer Island, WA

(Address of principal executive offices)

98109 98040

(Zip Code)

Registrant's telephone number, including area code: (206) 378-0400

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	KA	The Nasdaq Capital Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

The number of shares of Registrant's Common Stock outstanding as of **November 1, 2023** **May 13, 2024** was **10,393,567** **12,254,455**.

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EXPLANATORY NOTE CAUTIONARY STATEMENT

On December 16, 2022, Yumanity Therapeutics, In February 2024, Kineta, Inc. ("Yumanity" (the "Company") completed its previously announced merger transaction with Kineta Operating, Inc. (formerly Kineta, Inc.) ("Private Kineta") in accordance with the terms initiated a process to explore a range of strategic alternatives to maximize shareholder value. Potential strategic alternatives that may be evaluated include sale of assets of the Agreement Company, a sale of the Company, licensing of assets, a merger, liquidation or other strategic action.

There is no set timetable for this process and Plan there can be no assurance that this process will result in the Company pursuing a transaction or that any transaction, if pursued, will be completed on attractive terms. Additionally, there can be no assurances that any particular course of Merger, dated as action, business arrangement or transaction, or series of June 5, 2022, as amended on December 5, 2022 transactions, will be pursued, successfully consummated, or lead to increased stockholder value. If the strategic process is unsuccessful, the Company's Board of Directors (the "Merger Agreement" "Board"), by may decide to pursue a liquidation or obtain relief under the US Bankruptcy Code.

Kineta, Inc. cautions that trading in the Company's securities is highly speculative and among Yumanity, Private Kineta and Yacht Merger Sub, Inc., a wholly-owned subsidiary of Yumanity ("Merger Sub"), pursuant to which Merger Sub merged with and into Private Kineta, with Private Kineta surviving such merger as a wholly-owned subsidiary of Yumanity (the "Merger"). The surviving corporation from poses substantial risks. Trading prices for the Merger subsequently merged with and into Kineta Operating, LLC, with Kineta Operating, LLC being the surviving corporation. On December 16, 2022, in connection with, and prior Company's securities may bear little or no relationship to the completion actual value realized, if any, by holders of the Merger, Yumanity effected a 1-for-7 reverse stock split of Company's securities. Accordingly, the Company urges extreme caution with respect to existing and future investments in its common stock. Immediately following the Merger, Yumanity changed its name to "Kineta, Inc."

Unless the context otherwise requires, references to the "Company," "Kineta," the "combined organization," "we," "our" or "us" in this Quarterly Report on Form 10-Q refer to Private Kineta and its subsidiaries prior to completion of the Merger and to Kineta, Inc. and its subsidiaries after completion of the Merger. In addition, references to "Yumanity" refer to the registrant prior to the completion of the Merger. The Merger has been accounted for as a reverse merger and asset acquisition in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Under this method of accounting, Private Kineta was deemed to be the accounting acquirer for financial reporting purposes. Following the Merger, the business conducted by Private Kineta became the Company's primary business. Except as otherwise noted, references to "common stock" in this report refer to common stock, \$0.001 par value per share, of the Company securities.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains certain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. In some cases, you can identify these forward-looking statements by the use of terms such as "expect," "will," "continue," "believe," "estimate," "aim," "project," "intend," "should," "is to be," or similar expressions, and variations or negatives of these words, but the absence of these words does not mean that a statement is not forward-looking. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance, or achievements to differ materially from results expressed or implied in this Quarterly Report on Form 10-Q. The following factors, among others, could cause actual results to differ materially from those described in these forward-looking statements:

- plans and expectations for the outcome of strategic alternatives, expectations regarding our strategic alternative review process, the timing and success of such process regarding a potential transaction;

- beliefs about our available options and financial condition;
- our ability to fund our planned operations for the next twelve months and our ability to continue as a going concern;
- expectations that our cash will be sufficient to fund our operating expenses into the future;
- estimates for our expenses and capital requirements;
- the timing, progress and results of preclinical studies and clinical trials for our programs and product candidates, including statement regarding the timing of initiation and completion of studies or trials and related preparatory work, the period during which the results of the trials will become available and our research and development programs;
- our ability to recruit and enroll suitable patients in our clinical trials;
- the potential attributes and benefits of our product candidates;
- our ability to develop and advance product candidates into, and successfully complete, clinical studies;
- the timing, scope or likelihood of regulatory filings and approvals;
- our ability to obtain and maintain regulatory approval for our product candidates, and any related restrictions, limitations or warnings in the label of an approved product candidate;
- the implementation of our business model and our strategic plans for our business, product candidates, technology and our development engine;
- our commercialization, marketing and manufacturing capabilities and strategy;
- the pricing and reimbursement of our product candidates, if approved;
- the rate and degree of market acceptance of our product candidates, if approved;
- our ability to establish or maintain collaborations or strategic relationships or obtain additional funding;
- our ability to contract with and rely on third parties to assist in conducting our clinical trials and manufacturing our product candidates;
- the size and growth potential of the markets for our product candidates, and our ability to serve those markets, either alone or in partnership with others;

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- our ability to obtain funding for our operations, including funding necessary to complete further development, approval and, if approved, commercialization of our product candidates;

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- the period over which we anticipate our existing cash and cash equivalents will be sufficient to fund our operating expenses and capital expenditure requirements;
 - the potential for our business development efforts to maximize the potential value of our portfolio;
 - our ability to compete with other companies currently marketing or engaged in the development of treatments for the indications that we are pursuing for our product candidates;

- our expectations regarding our ability to obtain and maintain intellectual property protection for our product candidates;
- our financial performance;
- our ability to retain the continued service of our key professionals and to identify, hire and retain additional qualified professionals
- any statements of the plans, strategies and objectives of management for future operations, including the execution of integration plans and the anticipated timing of filings;
- our expectations related to the use of our cash reserves;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our ability to remediate the material weaknesses in our internal control over financial reporting;
- the impact of laws and regulations, including without limitation recently enacted tax reform legislation;
- the impact of global economic and political developments on our business, including rising inflation and capital market disruptions current conflict in Ukraine and the conflict in Israel and the Gaza Strip, economic sanctions and economic slowdowns or recessions that may result from such developments, which could harm our research and development efforts as well as the value of our common stock and our ability to access capital markets;
- the effect of COVID-19 on the foregoing; and
- other risks and uncertainties, including those listed under the caption "Risk Factors" in Part II, Item 1A.

The forward-looking statements contained in this Quarterly Report on Form 10-Q and the documents incorporated herein by reference are based on our current expectations and beliefs concerning future developments and their potential effects on our business. There can be no assurance that future developments affecting our business will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the caption "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q and under similar headings in the documents that are incorporated by reference herein.

Moreover, we operate in a very competitive and rapidly changing environment.

New risks and uncertainties emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the effect of all such risk factors on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements.

The forward-looking statements made by us in this Quarterly Report on Form 10-Q and the documents incorporated herein by reference speak only as of the date of such statement. Except to the extent required under the federal securities laws and rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"), we disclaim any obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In light of these risks and uncertainties, there is no assurance that the events or results suggested by the forward-looking statements will in fact occur, and you should not place undue reliance on these forward-looking statements.

Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law, you are advised to consult any additional disclosures we make in the documents that we file with the SEC.

Additional Information

Unless the context otherwise requires, references to the “Company,” “Kineta,” “we,” “our” or “us” in this Quarterly Report on Form 10-Q refer to Kineta, Inc. and its subsidiaries.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

KINETA, INC.

Condensed Consolidated Balance Sheets

(in thousands)

(Unaudited)

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Assets				
Current assets:				
Cash	7,562	13,143	\$ 1,773	\$ 5,783
Restricted cash			75	75
Prepaid expenses and other current assets	281	457	312	119

Total current assets	7, 13			
	84 ,6			
	3 00		2,160	5,977
Property and equipment, net		24		
	3 9			
Operating right-of-use asset		1,		
	66 21			
	4 1		273	472
Rights from Private Placement		2, 2,		
	07 25			
	0 0		—	3,832
Restricted cash		12 12		
	5 5			
Total assets	10 17			
	,7 ,4			
	\$ 05 \$ 35		\$ 2,433	\$ 10,281
Liabilities and Stockholders' Equity				
Liabilities and Stockholders' Equity (Deficit)				
Current liabilities:				
Accounts payable	4, 6,			
	33 63			
	\$ 3 \$ 5		\$ 6,126	\$ 3,694
Accrued expenses and other current liabilities		1, 3,		
	85 52			
	7 7		1,452	2,211
Deferred revenue		44		
	— 2			
Notes payable, current portion		61		
	5 —		629	620
Operating lease liability, current portion		76 84		
	7 3		319	547
Finance lease liabilities, current portion		43 40		
Total current liabilities	7, 11			
	61 ,4			
	5 87		8,526	7,072

Notes payable, net of current portion	15	74		
	0	8	150	150
Operating lease liability, net of current portion		54		
	—	7		
Finance lease liabilities, net of current portion	51	83		
Total liabilities	7,	12		
	81	,8		
	6	65	8,676	7,222
Commitments and contingencies (Note 6)				
Stockholders' equity:				
Common stock, \$0.001 par value; 125,000 shares authorized as of September 30, 2023 and December 31, 2022; 10,215 and 8,318 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	10	8		
Stockholders' Equity (Deficit):				
Common stock, \$0.001 par value; 125,000 shares authorized as of March 31, 2024 and December 31, 2023; 11,350 and 10,397 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively			11	10
Additional paid-in capital	16	15		
	5,	6,		
	83	10		
	9	6	169,615	168,669
Accumulated deficit	(1	(1		
	63	51		
	,1	,6		
	35)	90)	(176,027)	(165,789)
Total stockholders' equity attributable to Kineta, Inc.	2,	4,		
	71	42		
	4	4		
Total stockholders' equity (deficit) attributable to Kineta, Inc.			(6,401)	2,890
Noncontrolling interest	17	14		
	5	6	158	169
Total stockholders' equity	2,	4,		
	88	57		
	9	0		

Total liabilities and stockholders' equity	10	17		
	,7	,4		
	<u>\$ 05</u>	<u>\$ 35</u>		
Total stockholders' equity (deficit)			(6,243)	3,059
Total liabilities and stockholders' equity (deficit)			<u>\$ 2,433</u>	<u>\$ 10,281</u>

See the accompanying notes to the unaudited condensed consolidated financial statements.

KINETA, INC.

Condensed Consolidated Statements of Operations

(in thousands, except per share amounts)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
	Revenues:					
Collaboration revenues			4	4		
			\$ 2	\$ —	\$ —	\$ 281
Licensing revenues			5,0	9		
			0	6		
			0	5		
Grant revenues			2	5		
			0	0		
			0	1		

Total revenues			5,	1,			
			2	4			
			0	4			
	—	0	2	6		—	281
Operating expenses:							
Research and development				1			
	1,	2,	7,	0,			
	9	6	4	5			
	0	0	6	0			
	9	5	2	7		2,726	2,843
General and administrative	2,	2,	9,	5,			
	0	0	4	4			
	7	4	3	8			
	7	6	2	0		3,680	3,924
Total operating expenses			1	1			
	3,	4,	6,	5,			
	9	6	8	9			
	8	5	9	8			
	6	1	4	7		6,406	6,767
Loss from operations			(1	(1			
	(3	(4	1,	4,			
	,9	,4	4	5			
	8	5	5	2			
	6)	1)	2)	1)		(6,406)	(6,486)
Other (expense) income:							
Interest expense (with related parties \$0 for the three and nine months ended September 30, 2023 and \$465 and \$1,366 for the three and nine months ended September 30, 2022, respectively)				(1			
		(5		,6			
	(2	5	(6	9			
	1)	9)	5)	9)			
Interest income						48	54
Interest expense						(42)	(23)

Change in fair value of rights from Private Placement	(1,401)	(1,800)	—	—	(3,832)	—
Change in fair value measurement of notes payable	(414)	(87)	(44)	(52)	(9)	(6)
(Loss) gain on extinguishments of debt, net	(23)	35	—	29		
Other (expense) income, net	101	209	(11)	(7)		
Other income (expense), net					(8)	(19)
Total other (expense) income, net	(1,322)	(1,212)	(66)	(9)	(3,843)	6
Net loss	(5,318)	(5,641)	(1,401)	(1,605)	\$ (10,249)	\$ (6,480)
Net (loss) income attributable to noncontrolling interest	69	(82)	29	(81)		
Net loss attributable to noncontrolling interest					(11)	(29)
Net loss attributable to Kineta, Inc.	(5,387)	(5,723)	(1,430)	(1,524)	\$ (10,238)	\$ (6,451)
Net loss per share, basic and diluted	(0.46)	(1.10)	(1.09)	(0.42)	\$ (0.89)	\$ (0.77)

Weighted-average shares	1	1				
outstanding, basic and diluted	1,	4,	0,	4,		
	7	8	5	8		
	3	9	0	0		
	8	1	5	8	11,443	8,361

See the accompanying notes to the unaudited condensed consolidated financial statements.

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KINETA, INC.

Condensed Consolidated Statements of Stockholders' Equity (Deficit)

(in thousands)

(Unaudited)

	Common Stock		Additional	Accumulated	Total		Noncontrolling	Total	
	Shares	Amount	Paid-In		Attributable	Interest			Stockholder
			Capital						
	Shares	Amount	Amount	Deficit	to Kineta	Interest	Deficit		
Balance as of January 1, 2022	4,656	\$ 5	\$ 76,137	\$ (88,282)	\$ (12,140)	\$ 191	\$ (11,949)		
Issuance of common stock	3	—	98	—	98	—	98		
Issuance of common stock upon extinguishment of notes payable and accrued interest	9	—	235	—	235	—	235		
Issuance of common stock upon exercise of warrants	1	—	—	—	—	—	—		
Stock-based compensation	—	—	285	—	285	—	285		
Net loss	—	—	—	(4,976)	(4,976)	1	(4,975)		
Balance as of March 31, 2022	4,669	\$ 5	\$ 76,755	\$ (93,258)	\$ (16,498)	\$ 192	\$ (16,306)		
Issuance of common stock	33	—	905	—	905	—	905		

Issuance of common stock upon extinguishment of notes payable and accrued interest	46	—	1,064	—	1,064	—	1,064
Note conversion discount	—	—	174	—	174	—	174
Issuance of common stock upon exercise of warrants	44	—	7	—	7	—	7
Stock-based compensation	—	—	755	—	755	—	755
Net loss	—	—	—	(5,878)	(5,878)	—	(5,878)
Balance as of June 30, 2022	4,792	\$ 5	\$ 79,660	\$ (99,136)	\$ (19,471)	\$ 192	\$ (19,279)
Issuance of common stock	20	—	553	—	553	—	553
Issuance of common stock upon extinguishment of notes payable and accrued interest	59	—	1,622	—	1,622	—	1,622
Issuance of common stock upon cashless exercise of stock options	10	—	—	—	—	—	—
Issuance of common stock upon exercise of warrants	3	—	63	—	63	—	63
Issuance of warrants for services	—	—	62	—	62	—	62
Issuance of warrants in connection with notes payable	—	—	47	—	47	—	47
Stock-based compensation	—	—	477	—	477	—	477
Net loss	—	—	—	(5,585)	(5,585)	(82)	(5,667)
Balance as of September 30, 2022	4,884	\$ 5	\$ 82,484	\$ (104,721)	\$ (22,232)	\$ 110	\$ (22,122)

	Common Stock		Additional Paid-In	Accumulat	Total Shareholders'		Total	
	Shares	Amount	Capital	ed	Equity (Deficit)	Noncontro	Shareholders'	Equity
			Amount	Deficit	Attributable	lling	Equity	(Deficit)
Balance as of December 31, 2022	8,318	\$ 8	\$ 156,106	\$ (151,690)	\$ 4,424	\$ 146	\$ 4,570	
Issuance of common stock	127	1	751	—	752	—	752	
Issuance of common stock upon exercise of warrants	51	—	7	—	7	—	7	

Issuance of common stock upon vesting of RSUs	23	—	—	—	—	—	—	—
Issuance of common stock for services	12	—	41	—	41	—	41	
Stock-based compensation	—	—	1,054	—	1,054	—	1,054	
Net loss	—	—	—	(6,451)	(6,451)	(29)	(6,480)	
Balance as of March 31, 2023	8,531	\$ 9	\$ 157,959	\$ (158,141)	\$ (173)	\$ 117	\$ (56)	

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	Common Stock		Additional Paid-In Capital	Accumulated	Total Shareholders' Equity (Deficit) Attributable to Kineta	Noncontrolling Interest	Total Shareholders' Equity (Deficit)
	Shares	Amount	Amount	Deficit			
Balance as of January 1, 2023	8,318	\$ 8	\$ 156,106	\$ (151,690)	\$ 4,424	\$ 146	\$ 4,570
Issuance of common stock	127	1	751	—	752	—	752
Issuance of common stock upon exercise of warrants	51	—	7	—	7	—	7
Issuance of common stock upon vesting of RSUs	23	—	—	—	—	—	—
Issuance of common stock for services	12	—	41	—	41	—	41
Stock-based compensation	—	—	1,054	—	1,054	—	1,054
Net loss	—	—	—	(6,451)	(6,451)	(29)	(6,480)
Balance as of March 31, 2023	8,531	\$ 9	\$ 157,959	\$ (158,141)	\$ (173)	\$ 117	\$ (56)
Issuance of common stock	948	1	5,478	—	5,479	—	5,479
Issuance of common stock upon exercise of warrants	144	—	10	—	10	—	10
Issuance of common stock upon vesting of RSUs	109	—	(69)	—	(69)	—	(69)
Stock-based compensation	—	—	1,870	—	1,870	—	1,870
Net income (loss)	—	—	—	386	386	(11)	375
Balance as of June 30, 2023	9,732	\$ 10	\$ 165,248	\$ (157,755)	\$ 7,503	\$ 106	\$ 7,609

Issuance of common stock upon exercise of warrants	432	—	3	—	3	—	3
Issuance of common stock for services	51	—	114	—	114	—	114
Stock-based compensation	—	—	474	—	474	—	474
Net loss	—	—	—	(5,380)	(5,380)	69	(5,311)
Balance as of September 30, 2023	10,215	\$ 10	\$ 165,839	\$ (163,135)	\$ 2,714	\$ 175	\$ 2,889

	Common Stock		Additional Paid-In Capital		Total Stockholders' Equity (Deficit) Attributable to Kineta		Noncontrolling Interest		Total Stockholders' Equity (Deficit)	
	Amount		Amount	Deficit	to Kineta	Interest	Equity (Deficit)	Equity (Deficit)		
	Shares	t								
	Shares	t	Amount	Deficit	to Kineta	Interest	Equity (Deficit)	Equity (Deficit)		
Balance as of December 31, 2023	10,397	\$ 10	\$ 168,669	\$ (165,789)	\$ 2,890	\$ 169	\$ 3,059			
Issuance of common stock upon exercise of warrants	780	1	—	—	1	—	1			
Issuance of common stock for services	173	—	469	—	469	—	469			
Stock-based compensation	—	—	477	—	477	—	477			
Net loss	—	—	—	(10,238)	(10,238)	(11)	(10,249)			
Balance as of March 31, 2024	11,350	\$ 11	\$ 169,615	\$ (176,027)	\$ (6,401)	\$ 158	\$ (6,243)			

See the accompanying notes to the unaudited condensed consolidated financial statements.

KINETA, INC.

Condensed Consolidated Statements of Cash Flows

(in thousands)

(Unaudited)

	Nine Months Ended		Three Months Ended March 31,	
	September 30,			
	2023	2022	2024	2023
Operating activities:				
Net loss	\$ (11,416)	\$ (16,520)	\$ (10,249)	\$ (6,480)
Adjustments to reconcile net loss to net cash used in operating activities:				
Change in fair value of rights from Private Placement	180	—	3,832	—
Change in fair value of notes payable	17	542	9	6
Non-cash stock-based compensation	3,398	1,517	477	1,054
Non-cash operating lease expense	547	489	199	177
Depreciation and amortization	5	39	—	2
Common stock issued for services	155	62	469	41
Gain on extinguishments of debt, net	—	(259)	—	—
Non-cash interest expense	—	47	—	10
Gain on disposal of asset	(90)	—	—	(110)
Changes in operating assets and liabilities:				
Prepaid expenses and other current assets	176	(2,030)	(193)	126
Accounts payable	(2,302)	5,206	2,432	3,200
Accrued expenses and other current liabilities	(1,739)	881	(759)	(2,485)
Operating lease liability	(623)	(545)	(228)	(200)
Deferred revenue	(442)	(965)	—	(281)
Net cash used in operating activities	(12,134)	(11,536)	(4,011)	(4,940)
Investing activities:				
Purchases of property and equipment	—	(15)	—	—
Proceeds from sale of property and equipment	331	—	—	285
Net cash provided by (used in) investing activities	331	(15)	—	285
Net cash provided by investing activities			—	285
Financing activities:				
Proceeds from private placement	5,479	—	—	—
Proceeds from notes payable	—	5,620	—	—
Proceeds from issuance of common stock	752	1,556	—	—

Proceeds from issuance of common stock and pre-funded warrants			—	752
Proceeds from exercise of warrants	20	70	1	7
Repayments of notes payable	—	(4,000)		
Repayments of finance lease liabilities	(29)	(29)	—	(9)
Net cash provided by financing activities	6,222	3,217	1	750
Net change in cash and restricted cash	(5,581)	(8,334)	(4,010)	(3,905)
Cash and restricted cash at beginning of year	13,268	11,219	5,858	13,268
Cash and restricted cash at end of year	\$ 7,687	\$ 2,885	\$ 1,848	\$ 9,363
Components of cash and restricted cash:				
Cash	\$ 7,562	\$ 2,810	\$ 1,773	\$ 9,238
Restricted cash	125	75	75	125
Total cash and restricted cash	\$ 7,687	\$ 2,885	\$ 1,848	\$ 9,363
Supplemental disclosure of cash flow information:				
Cash paid for interest	\$ 36	\$ 1,007	\$ 5	\$ 13
Supplemental disclosure of noncash investing and financing activities:				
Issuance of common stock upon extinguishment of notes payable and accrued interest	\$ —	\$ 3,095		
Withholding to cover taxes from RSU vesting	\$ 69	\$ —		
Finance lease liabilities arising from obtaining new right-of-use assets	\$ —	\$ 41		
Issuance of warrants to purchase common stock in connection with notes payable	\$ —	\$ 47		

See the accompanying notes to the unaudited condensed consolidated financial statements.

(Unaudited)

1. Organization and Liquidity

Description of Business

Kineta, Inc. (formerly Yumanity Therapeutics, Inc.) (together with its subsidiaries, “Kineta” or the “Company”) is headquartered in Seattle, Mercer Island, Washington.

The Company is a clinical-stage biotechnology company with a mission to develop next-generation immunotherapies that transform patients' lives. Kineta has leveraged its expertise in innate immunity and is focused on discovering and developing new innovative therapies in potentially differentiated immunotherapies that address the field mechanisms of immuno-oncology and cancer. The Company also has drug programs in neurology (chronic pain) and an antiviral drug program in development for arenaviruses such as Lassa fever, cancer immune resistance. Kineta Chronic Pain, LLC (“KCP”) was formed to develop new innovative therapies for pain management. Kineta Viral Hemorrhagic Fever, LLC (“KVHF”) was formed to develop a direct acting anti-viral therapy for the treatment of emerging diseases.

As of September 30, 2023, March 31, 2024 and December 31, 2022, December 31, 2023, the Company owns owned a majority interest of the outstanding issued equity of KCP and all of the outstanding issued equity of KVHF. On November 30, 2023, the Company dissolved KVHF and assumed all of the outstanding issued equity. As of March 31, 2024, the Company owns a majority interest of the outstanding issued equity of KCP.

Private Placement

On December 16, 2022, Yumanity Therapeutics, Inc. (“Yumanity”) completed its previously announced merger transaction with Kineta Operating, Inc. (formerly Kineta, Inc.) (“Private Kineta”) in accordance with the terms of the Agreement and Plan of Merger, dated as of June 5, 2022, as amended on December 5, 2022 (the “Merger Agreement”), by and among Yumanity, Private Kineta and Yacht Merger Sub, Inc., a wholly-owned subsidiary of Yumanity (“Merger Sub”), pursuant to which Merger Sub merged with and into Private Kineta, with Private Kineta surviving such merger as a wholly-owned subsidiary of Yumanity (the “Merger”). In connection and concurrently with the execution of the Merger Agreement, the Company entered into a financing agreement, dated as of June 5, 2022, as amended on October 24, 2022, December 5, 2022, March 29, 2023, May 1, 2023, July 21, 2023 and October 13, 2023 (such financing agreement, as amended, the “Securities Purchase Agreement”), to sell shares of the Company’s common stock in a private placement (the “Private Placement”). The first closing of the Private Placement occurred on December 16, 2022, and the Company issued 649,346 shares of its common stock and received net proceeds of \$7.4 million. The second closing of the Private Placement for an aggregate purchase price of \$22.5 million is was expected to occur on April 15, 2024. The Company has, however, the ability investors failed to unilaterally terminate the Securities Purchase Agreement until the date of fulfill their contractual obligation to fund and the second closing. closing did not occur.

Liquidity Going Concern and Capital Resources

The Company has incurred recurring net losses and negative cash flows from operations since inception and, as of September 30, 2023, March 31, 2024, had an accumulated deficit of \$163.1, 176.0 million. The net loss attributable to the Company was \$5.3, 10.2 million for

the three months ended September 30, 2023 and \$11.4 million for the nine months ended September 30, 2023 March 31, 2024. As of September 30, 2023 March 31, 2024, the Company had unrestricted cash of \$7.6 million. The Company's cash as of September 30, 2023, together with the \$2.7 1.8 million, net proceeds received in October 2023 from the registered direct offering plus the committed proceeds of \$22.5 million pursuant and there is substantial doubt about its ability to the second closing of the Private Placement, will be continue as a going concern. Based on Kineta's current operating plans, Kineta does not have sufficient cash and cash equivalents to fund its operating expenses and capital expenditure requirements into early 2025. expenditures for at least the next 12 months from the filing date of this Quarterly Report on Form 10-Q.

Kineta is exploring strategic alternatives that may include, but are not limited to, sale of assets of the Company, a sale of the Company, licensing of assets, a merger, liquidation or other strategic action.

Kineta may seek additional funds through equity or debt financings or through collaborations, licensing transactions or other sources that may be identified through the Company's strategic process. However, there can be no assurance that Kineta will be able to complete any such transactions on acceptable terms or otherwise. The failure to obtain sufficient funds on commercially acceptable terms when needed would have a material adverse effect on Kineta's business, results of operations, and financial condition. These factors raise substantial doubt about Kineta's ability to continue as a going concern.

Kineta does not currently have any commitments for future funding or additional capital. As noted above, the investors failed to fulfill their contractual obligation to consummate the Private Placement. The Company will need is pursuing litigation or seeking other settlements against the investors for the failure to fund. Due to the lack of commitments for future funding or additional capital, Kineta has paused or significantly scaled back the development or commercialization of its future product candidates or other research and development initiatives. If Kineta is unable to complete a strategic transaction or raise additional capital to support its long-term plans and to complete clinical trials. The Company intends to raise additional debt and equity financings from its current investors as well as prospective investors and may receive milestone payments from its license agreements, or other sources. However, there is no guarantee that any of these additional financings or opportunities in sufficient amounts, Kineta will be executed or realized on acceptable terms, if at all. The Company's ability to raise additional capital through either the issuance of equity or debt is dependent on a number of factors including, but not limited to, Company prospects, which itself is subject to a number of development and business risks and uncertainties, as well as uncertainty about whether the Company would be able to raise such additional capital at a price or on terms that are acceptable. continue its business and the Company may need to file for bankruptcy protection.

Geopolitical Developments

Geopolitical developments, such as the Russian invasion of current conflict in Ukraine and the conflict in Israel and the Gaza Strip or deterioration in the bilateral relationship between the United States and China, may impact government spending, international trade and market stability, and cause weaker macro-economic conditions. The impact of these developments, including any resulting sanctions, export controls or other restrictive actions that

may be imposed against governmental or other entities in, for example, Russia, have in the past contributed and may in the future contribute to disruption, instability and volatility in the global markets, which in turn could adversely impact the Company's operations and weaken the Company's financial results. Certain political developments may also lead to uncertainty to regulations and rules that may materially affect the Company's business.

2. Summary of Significant Accounting Policies

Unaudited Interim Financial Information

The unaudited condensed consolidated balance sheet as of **December 31, 2022** **December 31, 2023** was derived from the Company's audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America ("U.S. GAAP"). The accompanying unaudited condensed consolidated financial statements, as of **September 30, 2023** **March 31, 2024** and for the three **and nine** months ended **September 30, 2023** **March 31, 2024**, are unaudited and have been prepared by the Company pursuant to the rules and regulations of the SEC for interim financial

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statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures are adequate to make the information presented not misleading. There have been no changes to the Company's significant accounting policies described in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**, filed with the SEC on **March 31, 2023** **March 21, 2024** (the "**2022**" "**2023**" Annual Report on Form 10-K"). These unaudited condensed financial statements should be read in conjunction with the Company's audited financial statements and the notes thereto for the year ended **December 31, 2022** **December 31, 2023** included in the **2022** **2023** Annual Report on Form 10-K. In the opinion of management, all adjustments, consisting only of normal recurring adjustments necessary for a fair statement of the Company's condensed consolidated financial position as of **September 30, 2023** **March 31, 2024** and condensed consolidated results of operations and cash flows for the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** have been made. The results of operations for the three **and nine** months ended **September 30, 2023** **March 31, 2024** are not necessarily indicative of the results of operations that may be expected for the year ending **December 31, 2023** **December 31, 2024**.

Basis of Presentation and Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP and applicable SEC rules. The condensed consolidated financial statements include all accounts of the Company, its majority owned subsidiary KCP, and its wholly owned subsidiary, KVHF. All intercompany transactions and balances have been eliminated upon consolidation.

Noncontrolling interest in the accompanying condensed consolidated financial statements represents the proportionate share of equity which is not held by the Company. Net income (loss) of the non-wholly owned consolidated subsidiary is allocated to the Company and the

holder(s) of the noncontrolling interests in proportion to their percentage ownership considering any preferences specific to the form of equity of the subsidiaries.

Revenue Recognition

Collaboration Revenues

In connection with the Merger, the Company became the successor in interest to an exclusive license and research collaboration agreement (the "Merck Neuromuscular License Agreement") with Merck to support research, development and commercialization of products for treatment of neuromuscular diseases, including amyotrophic lateral sclerosis. The Company recognizes revenue using the cost-to-cost method, which it believes best depicts the transfer of control to the customer. Under the cost-to-cost method, the extent of progress towards completion is measured based on the ratio of actual costs incurred to the total estimated costs expected upon satisfying the identified performance obligation. Under this method, revenue is recognized as a percentage of actual cost incurred to the estimated costs to complete. The Company recognized collaboration revenues of zero for the three months ended **September 30, 2023** **March 31, 2024** and **\$442,000** **281,000** for the **nine** **three** months ended **September 30, 2023** **March 31, 2023**. As of June 30, 2023, the Company completed its project services under the Merck Neuromuscular License Agreement.

License Revenues

In June 2023, the Company achieved a development milestone pursuant to the Merck Neuromuscular License Agreement, which triggered a \$5.0 million payment. Revenue from such milestones is recognized when the accomplishment of the milestone is deemed probable. Merck will continue to advance the research program for the ALS pipeline, one of the two pipeline programs licensed under the Merck Neuromuscular License Agreement. Following this milestone, Merck will assume sole responsibility for all future development and commercialization for the ALS program. As a result, the Company is eligible to receive up to an additional \$255.0 million in development milestones, sales milestones and royalties on net sales. The Company recognized licensing revenues of zero for the three months ended **September 30, 2023** and **\$5.0 million** for the nine months ended **September 30, 2023** under the Merck Neuromuscular License Agreement and has no further obligations under the Merck Neuromuscular License Agreement.

Net loss per share

Basic net loss per common share is computed by dividing the net loss by the weighted average number of shares of common stock outstanding for the period. Diluted net loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding for the period, including potential dilutive common shares assuming the dilutive effect of outstanding common share equivalents. Diluted net loss per share is the same as basic net loss per share, since the effects of potentially dilutive securities are antidilutive given the net loss for each period presented. In computing basic net loss per share, nominal issuances of common stock, including warrants to purchase the Company's common stock with an exercise price prices of **\$0.001** and **\$0.14** per share, are reflected in basic net loss per share for all periods, even if antidilutive.

3. Fair Value Measurements

The carrying amounts of the Company's financial instruments, including cash, restricted cash, and accounts payable, approximate fair value due to the short-term nature of those instruments.

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Rights from Private Placement

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The Company determined that the rights from Private Placement is a derivative asset, which requires the asset to be accounted for at fair value. The fair value was determined using a Monte Carlo simulation based on the contractual funding date of July 25, 2023, at the measurement date, minimum contractual purchase price of \$3.18 and historical stock prices. As of March 31, 2024, the Company did not expect the second closing of the Private Placement to occur and as a result, the Company deemed the fair value of the rights from Private Placement to be zero. The significant unobservable inputs used Company recorded a loss in the fair value measurement as of September 30, 2023 were as follows: volatility of 86%, risk-free interest rate of 5.40% and funding probability of 75%, which resulted in a loss in fair value Private Placement of \$1.43.8 million for the three months ended September 30, 2023 and a loss of \$0.2 million for the nine months ended September 30, 2023 March 31, 2024, which is recorded in other income (expense) in the Statement of Operations. The fair value measurement as of September 30, 2023 March 31, 2023 was approximately \$2.12.3 million. million and there was no change in fair value for the three months ended March 31, 2023.

The following table provides a summary of the changes in the fair value of the rights from Private Placement measured using Level 3 inputs:

	Nine Months Ended September		Three Months Ended March 31,	
	30,			
	2023	2022	2024	2023
	(in thousands)		(in thousands)	
Balance at beginning of period	\$ 2,250	\$ —	\$ 3,832	\$ 2,250
Change in fair value of rights from Private Placement	(180)	—	(3,832)	—
Balance at end of period	\$ 2,070	\$ —	\$ —	\$ 2,250

2022 & 2020 Notes Payable Note

The Company elected the fair value option to account for certain convertible notes payable and notes payable, referred to as the 2022 convertible notes, 2020 convertible notes and 2020 notes (see Note 5), respectively, and collectively the 2022 & 2020 notes payable. The 2020 convertible notes and 2020 notes are referred to as the 2020 notes payable. Upon the closing of the Merger in December 2022, the 2022 convertible notes and 2020 convertible notes were settled with shares of the Company's common stock note (see Note 5).

The Company did not obtain an independent valuation of the 2020 Notes note as it matures on July 31, 2024 and the fair value approximates the principal amount.

The 2020 notes were valued using a discounted cash flow model based on the contractual payment dates, a discount rate and the contractual maturity date. The significant unobservable inputs used in the fair value measurement of the 2020 note for the three months ended September 30, 2023 March 31, 2023 were as follows: discount rate of 14.0 15.0% and contractual payment date of 0.8 1.3year, which resulted in a fair value for the 2020 note of \$236,000.

The significant unobservable inputs used in the fair value measurement of the 2020 notes for the three months ended September 30, 2022 were as follows: discount rate ranging from 11.3% to 11.7% and contractual payment dates ranging from 0.1 years to 2.4 years, which resulted in a fair value of the 2020 notes ranging from \$1.6 million to \$2.9 million.

2020 Convertible Notes

The 2020 convertible notes were valued using a scenario-based analysis and a discounted cash flow model. Two primary scenarios were considered: the qualified financing scenario and the repayment scenario. The value of the 2020 convertible notes under each scenario was probability weighted to arrive at the estimated fair value for the notes. The qualified financing scenario considers the value impact of conversion at the stated discount to the issue price if the Company completes a qualifying financing event before the maturity date. The repayment scenario considers payment of principal at the contractual maturity dates.

There were no 2020 convertible notes as of September 30, 2023 as they were converted upon the closing of the Merger. The significant unobservable inputs used in the fair value measurement of the 2020 convertible notes for the three months ended September 30, 2022 were as follows: discount rate ranging from 11.3% to 41.2%, timing of the qualified financing ranging from 0.2 years to 0.75 years, timing of the repayment scenarios based on contractual maturity dates ranging from 0.25 years to 1.25 years, probability of a qualified financing ranging from 80% to 90% and probability of repayment ranging from 10% to 20%, which resulted in a fair value range for the 2020 convertible notes note of \$11.3 225,000 million to \$16.2 million.

2022 Convertible Notes

The 2022 convertible notes were valued using a scenario-based analysis and a discounted cash flow model. Two primary scenarios were considered: the qualified financing scenario and the automatic conversion scenario. The value of the 2022 convertible notes under each scenario was probability weighted to arrive at the estimated fair value for the notes. The qualified financing scenario considers the value impact of conversion at the stated discount to the issue price if the Company completes a qualifying financing event before the maturity date. The automatic conversion scenario estimates the timing of such conversion.

There were no 2022 convertible notes as of September 30, 2023 as they were converted upon the closing of the Merger. The significant unobservable inputs used in the fair value measurement of the 2022 convertible notes for the three months ended September 30, 2022

were as follows: discount rate ranging from 33.6% to 41.2%, timing of the qualified financing ranging from 0.2 years to 0.6 years, timing of the automatic conversion scenario ranging from 0.4 years to 1.0 year, probability of a qualified financing ranging from 80% to 90% and probability of automatic conversion ranging from 10% to 20%, which resulted in a fair value of these 2022 convertible notes ranging from \$4.8 million to \$5.3 million.

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The following table provides a summary of the changes in the fair value of the Company's 2022 & 2020 notes payable measured using Level 3 inputs:

	Nine Months Ended September 30,	
	2023	2022
	(in thousands)	
Balance at beginning of period	\$ 219	\$ 17,830
Issuance of 2022 convertible notes	—	5,620
Change in fair value of 2022 & 2020 notes payable	17	542
Partial settlement of 2020 notes payable	—	(5,973)
Balance at end of period	\$ 236	\$ 18,019

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Balance at beginning of period	\$ 241	\$ 219
Change in fair value of 2020 notes	9	6
Balance at end of period	\$ 250	\$ 225

4. Balance Sheet Components

Property and Equipment, Net

Property There was no property and equipment net consisted as of the following:

	September 30, 2023	December 31, 2022
	(in thousands)	
Laboratory equipment	\$ —	\$ 779

Computer and software	67	73
Leasehold improvements	14	14
Total property and equipment	81	866
Less: Accumulated depreciation and amortization	78	617
Total property and equipment, net	\$ 3	\$ 249

March 31, 2024 or December 31, 2023.

Depreciation and amortization expense was \$1,000 zero for the three months ended September 30, 2023 March 31, 2024 and \$5,000 for the nine months ended September 30, 2023. Depreciation and amortization expense was \$15,000 2,000 for the three months ended September 30, 2022 and \$39,000 for the nine months ended September 30, 2022 March 31, 2023. The Company has acquired certain laboratory equipment under agreements that are classified as finance leases. The carrying value of the equipment under finance leases included in the balance sheet as property and equipment was zero as of September 30, 2023 and \$125,000 as of December 31, 2022, net of accumulated depreciation. During the three months ended September 30, 2023 March 31, 2023, the Company disposed of assets with a net carrying value of \$29,000 175,000 and received proceeds of \$28,000 285,000. During the nine months ended September 30, 2023, the Company disposed of assets with a net carrying value of \$241,000 and received proceeds of \$331,000. The Company recorded a gain on disposal of fixed assets, which is recorded in other income (expense) in the Statement of Operations.

Rights from Private Placement

In connection and concurrently with the execution of the Merger Agreement, the Company entered into the Securities Purchase Agreement to sell shares of the Company's common stock in the Private Placement. The first closing of the Private Placement occurred on December 16, 2022, and the Company issued 649,346 shares of its common stock and received net proceeds of \$7.4 million. The second closing of the Private Placement for an aggregate purchase price of \$22.5 million is was expected to occur on April 15, 2024. With respect, however, the investors failed to fulfill their contractual obligation to consummate the Private Placement and the second closing the Company is obligated to sell and issue a number of shares of its common stock and the investors are obligated to buy such shares by the specified date and price equal to the volume-weighted average price of Company common stock for the five trading days prior to April 15, 2024 ("VWAP") plus 10% of the VWAP; provided, however, that the share purchase price shall be at least equal to the closing price of the Company's common stock on March 29, 2023. The Company has recorded a \$2.1 million rights from Private Placement asset as of September 30, 2023 for the future right associated with the second closing. did not occur.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following as of the periods presented:

	September 30,		December 31,		March 31,		December 31,	
	2023		2022		2024		2023	
	(in thousands)							
Compensation and benefits	\$	980	\$	745				
	(in thousands)							
Accrued clinical trial and preclinical costs		304		404	\$	490	\$	251
Accrued interest		158		132		443		417
Compensation and benefits						308		1,312
Professional services		64		2,176		104		97
Other		351		70		107		134
Total accrued expenses and other current liabilities	\$	1,857	\$	3,527	\$	1,452	\$	2,211

5. Notes Payable

Notes payable outstanding consisted of the following as of the periods presented:

	September 30,		December 31,		March 31, 2024		December 31, 2023	
	2023		2022					
	Princi	Fair	Princi	Fair	Principal	Fair Value	Principal	Fair Value
	pal	Value	pal	Value	(in thousands)			
	(in thousands)				(in thousands)			
Notes payable:								
2020 notes	\$ 250	\$ 236	\$ 250	\$ 219	\$ 250	\$ 250	\$ 250	\$ 241
Other notes payable	379	379	379	379	379	379	379	379
Small Business Administration loan	150	150	150	150	150	150	150	150
Total notes payable	\$ 779	765	\$ 779	748	\$ 779	779	\$ 779	770
Less: current portion		615		—		629		620
Notes payable, net of current portion		\$ 150		\$ 748		\$ 150		\$ 150

The Company elected the fair value option for the 2020 notes (see Note 3). The other notes payable and Small Business Administration loan approximate their fair value because interest rates are at prevailing market rates.

Expected future minimum principal payments under the Company's notes payables as of **September 30, 2023** **March 31, 2024** were as follows:

Years	Total (in thousands)	Total (in thousands)
Remainder of 2023	\$ —	
2024	629	
Remainder of 2024		\$ 629
2025	0	—
2026	0	—
2027	2	2
2028		3
Thereafter	148	145
Total notes payable	\$ 779	\$ 779
Less: current portion	615	629
Notes payable, net of current portion	\$ 164	\$ 150

2020 Notes

In October 2020, the Company refinanced certain notes payable (the "2020 notes"), with an aggregate principal amount of \$3.0 million with various investors, including one investor that is a related party (see Note **14**, **12**). The interest rate was reduced on the 2020 notes from 16.0% to 6.0% from October 2020 until the earlier of (i) the Company raises at least \$25.0 million in a single transaction or series of transactions after October 2020 and (ii) the original maturity dates (that is, various dates in the first quarter of 2022), after which the interest rate increases to 16.0%. The outstanding principal is due upon demand of the majority of the lenders with respect to (i) 50% on or after nine months after the original maturity date (or on or after various dates in the fourth quarter of 2022) and (ii) 50% on or after fifteen months after the original maturity date (or on or after various dates in the second quarter of 2023). The Company may repay the 2020 notes at any time without penalty. Upon bankruptcy the lender can accelerate all amounts due immediately.

In August 2022, the Company settled \$1.4 million in outstanding principal and accrued interest by issuing 59,000 shares of the Company's non-voting common stock at a 15% discount. The Company extended the maturity date for the remaining 2020 note with a principal balance of \$250,000

to July 31, 2024 and reduced the interest rate to 6%, which was accounted for as a modification. As the 2020 notes were valued pursuant to the fair value election, an immaterial gain was recognized upon extinguishment.

Other Notes Payable

The Company issued several other notes payable in 2019 and early 2020 at a 12.0% interest rate per annum, with the principal amounts due in full at maturity and interest due monthly or quarterly. The other notes payable were due to mature at various dates between December 2020 through early 2022.

The other notes payable were amended in October 2020 to increase the interest rate to 13.0% and extend the maturity date to be on demand by a majority of the holders on or after April 7, 2022, which resulted in a modification of the other notes payable. The Company may prepay the other notes payable at any time without penalty. In April 2022, the Company extended the maturity date for the remaining other notes payable with a principal balance of \$379,000 to June 30, 2024 and decreased the interest rate to 6.0% interest, which was accounted for as a modification. As the other notes payable approximated their fair value, no gain or loss was recognized upon extinguishment.

Small Business Administration Loan

In August 2020, the Company received a U.S. Small Business Administration loan of \$150,000 at a 3.75% interest rate and maturing in August 2050. Repayments of principal are due monthly beginning in June 2027 and interest is due monthly.

6. Commitments and Contingencies

Leases

Operating Lease

The Company leases office and laboratory premises in Seattle, Washington pursuant to a lease agreement that commenced in April 2011 and expires in July 2024. The agreement requires monthly lease payments, is subject to annual rent escalations during the lease term, and contains two five-year options to extend the lease term. In June 2020, the Company amended the lease agreement to reduce the leased space for the premises from approximately 22,064 square feet to approximately 14,870 square feet, which was accounted for as a lease modification and partial termination of the lease.

Under the lease agreement, the Company is required to pay certain operating costs, in addition to rent, such as common area maintenance, taxes and utilities. Such additional charges are considered variable lease costs and are recognized in the period in which they are incurred. Rent expense was \$208,000 for the three months ended **September 30, 2023** **March 31, 2024** and variable costs were **\$137,000** **151,000**.

Rent expense was \$658,000 for the nine months ended September 30, 2023 and variable costs were \$447,000. Rent expense was \$208,000 237,000 for the three months ended September 30, 2022 March 31, 2023 and variable costs were \$124,000. Rent expense was \$624,000 for the nine months ended September 30, 2022 and variable costs were \$386,000 172,000.

The Company's operating leases include various covenants, indemnities, defaults, termination rights, security deposits and other provisions customary for lease transactions of this nature.

Future undiscounted payments due under the operating lease as of September 30, 2023 March 31, 2024 were as follows:

Years	(in thousands)	(in thousands)
Remainder of 2023	\$ 235	
2024	561	\$ 323
Total undiscounted lease payments	796	
Less: Imputed interest	(29)	(4)
Operating lease liability	767	319
Less: Operating lease liability, current portion	(767)	(319)
Operating lease liability, net of current portion	\$ —	\$ —

Supplemental information on the Company's operating leases was as follows:

	Three Months		Nine Months		Three Months Ended March 31,	
	Ended		Ended			
	September 30,	September 30,	September 30,	September 30,	2024	2023
	2023	2022	2023	2022		
Cash paid for operating lease agreement (in thousands)	23	22	70	68	\$ 238	\$ 231
Remaining lease term (in years)	0.8	1.8	0.8	1.8	0.3	1.3
Incremental borrowing rate	10%	10%	10%	10%	10%	10%

The Company subleases portions of its premises in Seattle, Washington to third parties. Under the first sublease agreement, which commenced in December 2017, the Company subleases approximately 1,850 square feet. In October 2020 the sublease expiration date was extended from December 2020 to December 2022. In September 2022, the sublease expiration date was extended from December

2022 to December 2023. Under In December 2023, the second sublease agreement, which commenced in January 2019 and expired in June 2020, the Company subleased approximately 7,194 square feet. expiration date was extended from December 2023 to July 2024. Sublease income is recorded within operating expenses and was \$49,000 for the three months ended September 30, 2023 and \$146,000 for the nine months ended September 30, 2023 March 31, 2024. Sublease income was \$47,000 49,000 for the three months ended September 30, 2022 and \$141,000 for the nine months ended September 30, 2022 March 31, 2023. As of September 30, 2023 March 31, 2024, the total minimum rentals to be received under the remaining noncancelable sublease was \$30,000 40,000.

Finance Leases 11

Future undiscounted payments due under finance lease liabilities as of September 30, 2023 were as follows:

Years	(in thousands)
Remainder of 2023	\$ 12
2024	50
2025	32
2026	10
Total undiscounted lease payments	104
Less: Imputed interest	(10)
Financing lease liabilities	94
Less: Financing lease liabilities, current portion	(43)
Financing lease liabilities, net of current portion	\$ 51

Supplemental information on the Company's financing leases was as follows (cash paid for finance lease agreements was not material):

	September 30, 2023	December 31, 2022
Weighted average remaining lease term (in years)	2.3	3.2
Incremental borrowing rate	9.3%	9.3%

Indemnification

In the ordinary course of business, the Company enters into agreements that may include indemnification provisions. Pursuant to such agreements, the Company may indemnify, hold harmless and defend an indemnified party for losses suffered or incurred by the indemnified party. Some of the provisions will limit losses to those arising from third-party actions. In some cases, the indemnification will continue after the termination of the agreement. The maximum potential amount of future payments the Company could be required to make under these provisions is not determinable. The Company has not incurred material costs to defend lawsuits or settle claims related to these

indemnification provisions. The Company has also entered into indemnification agreements with its directors and officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers to the fullest extent permitted under the Delaware General Corporation Law. The Company currently has directors' and officers' insurance.

Other Commitments

The Company has various manufacturing, clinical, research and other contracts with vendors in the conduct of the normal course of its business. Such contracts are generally terminable with advanced written notice and payment for any products or services received by the Company through the effective time of termination and any noncancelable and nonrefundable obligations incurred by the vendor at the effective time of the termination. In the case of terminating a clinical trial agreement at a particular site, the Company would also be obligated to provide continued support for appropriate medical procedures at that site until completion or termination.

Executive Employment and Separation Agreements

On September 20, 2022, the Company entered into an at-will employment agreement ("Baker Employment Agreement"), which became effective on October 3, 2022, with Keith Baker, its Chief Financial Officer. On September 28, 2022, the Company entered into at-will employment agreements (together with the Baker Employment Agreement, the "Executive Employment Agreements"), which became effective on December 16, 2022 upon the closing of the Merger, with Shawn Iadonato, its former Chief Executive Officer, Craig Philips, its President, and Pauline Kenny, its former General Counsel. On April 23, 2023, the Company's board of directors (the "Board") approved salary increases effective at the next payroll period and bonus increases for fiscal year 2023 to Shawn Iadonato, Craig Philips, Keith Baker, and Pauline Kenny.

As part of the Company's reduction in workforce plan, the Company terminated the employment of Shawn Iadonato and Pauline Kenny, each effective as of March 1, 2024, without cause. In connection with Dr. Iadonato's departure, the Company entered into a separation and release agreement with Dr. Iadonato (the "Iadonato Separation Agreement"). Pursuant to the Iadonato Separation Agreement, Dr. Iadonato received payment equal to 80 hours of accrued but unused paid time off and two weeks worth of wages, which, in aggregate, is equal to \$38,462. In exchange for the payments and other consideration under the Iadonato Separation Agreement, Dr. Iadonato provided the Company with a release, in favor of the Company, of any and all claims relating to his employment with the Company.

In connection with Ms. Kenny's departure, the Company entered into a separation and release agreement with Ms. Kenny (the "Kenny Separation Agreement"). Pursuant to the Kenny Separation Agreement, Ms. Kenny received payment equal to 80 hours of accrued but unused paid time off and two weeks worth of wages, which, in aggregate, is equal to \$25,000. In exchange for the payments and other consideration under the Kenny Separation Agreement, Ms. Kenny provided the Company with a release, in favor of the Company, of any and all claims relating to her employment with the Company.

The Executive Employment Agreements referenced above provide that, if the executive's employment is terminated without Cause (as defined in the Executive Employment Agreements) or the executive resigns for Good Reason (as defined in the Executive Employment Agreements), provided that the executive signs the Release (as defined in the Executive Employment Agreement), the executive will be entitled to (i) accrued compensation, (ii) 39 weeks of pay (52 weeks in the case of Chief Executive Officer) (currently estimated at approximately \$1.3563,000 million in the aggregate), (iii) nine (9) months of COBRA benefits (12 months in the case of Chief Executive

Officer) for executive and eligible dependents, and (iv) three (3) additional months of vesting of unvested and outstanding equity awards. If executive's employment is terminated without Cause or the executive resigns for

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Good Reason within the Change in Control Protection Period (as defined in the Executive Employment Agreements), then in addition to (i)-(iv) above, executive will receive current year pro-rated cash bonus.

7. Strategic License Agreements

Anti-VISTA Antibody Program In-License Agreement

In August 2020, Kineta entered into an Option and License Agreement with GigaGen, Inc. ("GigaGen"), which was amended in November 2020 and further amended in May 2023 (such agreement, as amended, the "VISTA Agreement") to in-license certain intellectual property and antibodies for the VISTA/KVA12123 drug program. Pursuant to the terms of the VISTA Agreement, GigaGen granted Kineta an exclusive (even as to GigaGen) world-wide license, with the right to grant sublicenses to research, develop, make, have made, use, have used, offer for sale, sell, have sold, distribute, import, have imported, export and have exported and otherwise exploit the licensed antibodies and licensed products. License expenses for the VISTA Agreement were zero for the three months ended March 31, 2024 and zero for the three months ended March 31, 2023.

Under the VISTA Agreement, GigaGen is eligible to receive approximately \$20.4 million in development and regulatory milestone payments and up to \$11.0 million in sales milestone payments. In addition, GigaGen is eligible to receive low single-digit royalty percentages based on net sales. Kineta is responsible (with input from GigaGen) for the preparation, filing, prosecution and maintenance of all patents and patent applications, and all associated costs.

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The VISTA Agreement shall remain in effect on a licensed product-by-licensed product and country-by-country basis, until the expiration of the royalty term for a licensed product in a country, which, based on the expiration of the last-to-expire valid claim of the two current patent applications (without any patent term adjustment or extensions) would be February 2042 and March 2044, respectively. Kineta may terminate the VISTA Agreement with 30 days' written notice to GigaGen. Either party has the right to terminate the VISTA Agreement upon a material breach of the other party that is not cured within 90 days after the breaching party receives written notice of such breach from the non-breaching party.

Anti-CD27 Agonist Antibody Program In-License Agreement

In June 2021, Kineta entered into an Option and License Agreement with GigaGen, as amended in July 2022, December 2022, May 2023 and December 2023 (such agreement, as amended, the "CD27 Agreement") to in-license certain intellectual property rights and antibodies for the CD27 drug program. Pursuant to the terms of the CD27 Agreement, GigaGen granted Kineta an exclusive (even as to GigaGen) world-wide license, with the right to grant sublicenses to research, develop, make, have made, use, have used, offer for sale, sell, have

sold, distribute, import, have imported, export and have exported and otherwise exploit the licensed antibodies and licensed products. License expenses for the CD27 Agreement were \$430,000 for the three months ended March 31, 2024 and zero for the three months ended March 31, 2023.

Under the CD27 Agreement, GigaGen is eligible to receive approximately \$20.4 million in development and regulatory milestone payments and up to \$11.0 million in sales milestone payments. In addition, GigaGen is eligible to receive low single-digit royalty percentages based on net sales. Kineta is responsible (with input from GigaGen) for the preparation, filing, prosecution and maintenance of all patents and patent applications, and all associated costs.

The CD27 Agreement shall remain in effect on a licensed product-by-licensed product and country-by-country basis, until the expiration of the royalty term for a licensed product in a country, which, based on the expiration of the last-to-expire valid claim of the current provisional patent application (without any patent term adjustment or extensions) would be September 2044. Kineta may terminate the CD27 Agreement with 30 days' written notice to GigaGen. Either party has the right to terminate the CD27 Agreement upon a material breach of the other party that is not cured within 90 days after the breaching party receives written notice of such breach from the non-breaching party.

Merck Neuromuscular License Agreement

In connection with the Company's research into innovative immuno-oncology drug targets, Merger, the Company acquired rights became the successor in interest to a group of fully human antibodies from Gigagen, Inc., a wholly owned subsidiary of Grifols, S.A. ("Gigagen"). Pursuant to a material transfer agreement with Gigagen dated August 2019 (the "2019 MTA"), the Company performed research activities to assess Gigagen's anti-VISTA antibodies. Under an option and license agreement effective as of August 10, 2020, as amended in November 2020, and as further amended in May 2023, the parties agreed to terminate the 2019 MTA and Gigagen granted the Company a research license to continue additional evaluation of certain anti-VISTA antibodies. Gigagen also granted the Company an exclusive option to obtain an exclusive license and research collaboration agreement (the "Merck Neuromuscular License Agreement") with Merck to develop, manufacture support research, development and commercialize certain anti-VISTA antibodies during commercialization of products for treatment of neuromuscular diseases, including amyotrophic lateral sclerosis. In June 2023, the option term commencing on Company achieved a development milestone pursuant to the effective date and ended on December 31, 2020. The option and license agreement provides for Merck Neuromuscular License Agreement, which triggered a payment to Gigagen of \$0.25 million within five days after payment. Merck will continue to advance the effective date. In addition, upon research program for the Company's exercise of its option during the option term, within 60 days after such date the Company is obligated to, among other things, (i) pay Gigagen an upfront option exercise fee of \$0.4 million, and (ii) issue Gigagen non-voting common stock ALS pipeline, one of the Company having an aggregate then-current fair market value of \$0.25 million. two pipeline programs licensed under the Merck Neuromuscular License Agreement. Following this milestone, Merck will assume sole responsibility for all future development and commercialization for the ALS program. The Company is also obligated to pay Gigagen (i) development and regulatory milestones recognized licensing revenues of less than \$21 zero million based on achievement of certain predetermined milestones, (ii) sales milestones up to an aggregate of \$11.0 million based on net sales thresholds, and (iii) royalties in the low-single digits on net sales for each licensed product sold by the Company during the term of the agreement. The Company accounted for the acquisition of rights as an asset acquisition because it did not meet the definition of a business. The Company recorded the upfront payment to Gigagen as research and development expense in the consolidated statements of operations because the acquired rights represented in-process research and development that have no alternative future use. From

inception of the 2019 MTA through September 30, 2023, the Company has incurred \$500,000 in milestone expense three months ended March 31, 2024 and zero in royalties for the three months ended March 31, 2023 under the 2019 MTA.

Anti-CD27 Agonist Antibody Program Merck Neuromuscular License Agreement

In connection with the Company's research into innovative immuno-oncology drug targets, the Company acquired rights to a group of fully human antibodies from Gigagen directed to CD27. Pursuant to a material transfer agreement with Gigagen dated October 28, 2020, as amended in April 2021 (the "2020 MTA"), the Company performed research activities to assess Gigagen's anti-CD27 agonist antibodies. Under an option and license agreement effective as of June 9, 2021, as amended in August 2022, as has no further amended in December 2022, and as further amended in May 2023, the parties agreed to terminate the 2020 MTA, Gigagen granted the Company a research license to continue additional evaluation of certain anti-CD27 agonist antibodies and also granted the Company an exclusive option to obtain an exclusive license to develop, manufacture and commercialize certain antibodies targeting CD27 during the option term commencing on the effective date and ending on December 31, 2022. The option and license agreement provides for the Company to pay Gigagen (i) an insignificant exclusivity payment within 60 days after the effective date, and (ii) an insignificant evaluation payment due by March 16, 2022. In addition, upon the Company's exercise of its option, within 60 days after such option exercise date, the Company is obligated to, among other things, (i) pay Gigagen an upfront option exercise fee of \$0.1 million, and (ii) issue Gigagen non-voting common stock of the Company having an aggregate then-current fair market value of \$0.25 million. The Company is also obligated to pay Gigagen (i) development and regulatory milestones of less than \$21 million based on achievement of certain predetermined milestones, (ii) sales milestones up to an aggregate of \$11.0 million based on net sales thresholds, and (iii) royalties in the low-single digits on net sales for each licensed product sold by the Company during the term of the agreement.

The Company accounted for the acquisition of rights as an asset acquisition because it did not meet the definition of a business. From inception of the 2020 MTA through September 30, 2023, none of the milestones have been achieved and no royalties were due obligations under the agreement. Merck Neuromuscular License Agreement.

8. Stockholders' Equity

Warrants to Purchase Common Stock

As of September 30, 2023 March 31, 2024, the Company had issued and outstanding warrants to purchase shares of the Company's common stock as follows, which all met the condition for equity classification (in thousands):

Year Issued	Expiration Date	Number Outstanding as of December 31,		Exercised	Cancelled/Expired	Number Outstanding as of March 31, 2024		Range of Exercise Price
		2023	Issued			31, 2024		
2017	March 2025 - June 2025	126	—	—	—	126		\$0.14 - \$21.80
2019	March 2025 - April 2027	44	—	—	—	44		\$0.14 - \$21.80

2022	August 2025 - December 2029	123	—	—	—	123	\$0.14 - \$168.35
2023	December 2025 - April 2029	3,211	—	(780)	—	2,431	\$3.25 - \$5.26
Total number of shares underlying warrants		<u>3,504</u>	<u>—</u>	<u>(780)</u>	<u>—</u>	<u>2,724</u>	

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Year Issued	Expiration Date	Number Outstanding as of December 31, 2022	Issued	Exercis ed	Cancelled/Ex pired	Number Outstanding as of September 30, 2023	Range of Exercise Price
2013		12	—	—	(12)	—	
	November 2023 - June 2025						\$0.14 - \$21.80
2017		131	—	—	—	131	
2019	March 2025 - April 2027	44	—	—	—	44	\$0.14 - \$21.80
2020	October 2023	45	—	(1)	(4)	40	\$ 0.14
	August 2025 - December 2029						\$0.14 - \$168.35
2022		301	—	(149)	—	152	
	April 2028 - October 2028						\$4.08 - \$5.26
2023		—	1,973	(477)	—	1,496	
Total number of shares underlying warrants		<u>533</u>	<u>1,973</u>	<u>(627)</u>	<u>(16)</u>	<u>1,863</u>	

Equity Raises - Registered Direct Offering

April 2023

On April 20, 2023, the Company entered into a Securities Purchase Agreement (the “April 2023 Purchase Agreement”) with an institutional investor (the “April 2023 Investor”), pursuant to which the Company issued and sold, in a registered direct offering priced at-the-market under the rules of The Nasdaq Stock Market LLC (“Nasdaq”) (such offering, the “April 2023 Registered Offering”), (i) an aggregate of 948,000 shares of its common stock, at a purchase price of \$4.21 per share and (ii) pre-funded warrants exercisable for up to 477,179 shares of its common stock (the “April 2023 Pre-Funded Warrants”) to the April 2023 Investor at a purchase price of \$4.209 per April 2023 Pre-Funded Warrant, for aggregate gross proceeds from the April 2023 Registered Offering of approximately \$6.0 million before deducting the placement agent fee (as described in greater detail below) and related offering expenses.

Each April 2023 Pre-Funded Warrant represents the right to purchase one share of common stock at an exercise price of \$0.001 per share. The April 2023 Pre-Funded Warrants are exercisable immediately and may be exercised at any time until the April 2023 Pre-Funded Warrants are exercised in full.

In a concurrent private placement (the “April 2023 Private Placement” and, together with the April 2023 Registered Offering, the “April 2023 Offering”), the Company issued to the April 2023 Investor warrants to purchase up to 1,425,179 shares of common stock (the “April 2023 Common Warrants”) at an exercise price of \$4.08 per share. The April 2023 Common Warrants are exercisable immediately and will expire five and one-half years from the initial exercise date.

In connection with the April 2023 Offering, the Company entered into an engagement letter with H.C. Wainwright & Co., LLC (“Wainwright”), pursuant to which Wainwright agreed to serve as the exclusive placement agent for the issuance and sale of securities of the Company pursuant to the April 2023 Purchase Agreement. As compensation for such placement agent services, the Company paid Wainwright an aggregate cash fee equal to \$420,000, a non-accountable expense of \$35,000 and \$50,000 for legal and other expenses as actually incurred. The total offering-related fees were approximately \$520,000, which resulted in net proceeds to the Company of \$5.5 million. On April 24, 2023, the Company also issued to Wainwright or its designees warrants to purchase 71,259 shares of common stock (the “April 2023 Wainwright Warrants”). The April 2023 Wainwright Warrants have a term of five years from the commencement of sales in the April 2023 Offering, and have an exercise price of \$5.2625 per share.

October 2023

On October 3, 2023, the Company, entered into a Securities Purchase Agreement (the “October 2023 Purchase Agreement”) with an institutional investor (the “October 2023 Investor”) pursuant to which the Company issued and sold, in a registered direct offering priced at-the-market under the rules of Nasdaq (such offering, the “October 2023 Registered Offering”), (i) an aggregate of 110,000 shares of its common stock, at a purchase price of \$3.37 per share, and (ii) pre-funded warrants exercisable for up to 780,208 shares of its common stock (the “October 2023 Pre-Funded Warrants”) to the October 2023 Investor at a purchase price of \$3.369 per October 2023 Pre-Funded Warrant, for aggregate gross proceeds from the October 2023 Registered Offering of approximately \$3.0 million before deducting the placement agent fee (as described in greater detail below) and related offering expenses.

Each October 2023 Pre-Funded Warrant represents the right to purchase one share of common stock at an exercise price of \$0.001 per share. The October 2023 Pre-Funded Warrants are exercisable immediately and may be exercised at any time until the October 2023 Pre-Funded Warrants are exercised in full.

In a concurrent private placement (the “October 2023 Private Placement” and, together with the October 2023 Registered Offering, the “October 2023 Offering”), the Company issued to the October 2023 Investor warrants to purchase up to 890,208 shares of common stock (the “October 2023

Common Warrants”) at an exercise price of \$3.25 per share. The October 2023 Common Warrants are exercisable immediately and will expire five and one-half years from the initial exercise date.

In connection with the October 2023 Offering, the Company entered into an engagement letter with Wainwright, pursuant to which Wainwright agreed to serve as the exclusive placement agent for the issuance and sale of securities of the Company pursuant to the October 2023 Purchase Agreement. As compensation for such placement agent services, the Company paid Wainwright an aggregate cash fee equal to \$210,000, a non-accountable expense of \$35,000 and \$50,000 for legal and other expenses as actually incurred. The total offering-related fees were approximately \$310,000, which resulted in net proceeds to the Company of \$2.7 million. On October 5, 2023, the Company also issued to Wainwright or its designees warrants to purchase 44,510 shares of common stock (the “October 2023 Wainwright Warrants”). The October 2023 Wainwright Warrants have a term of five years from the commencement of sales in the October 2023 Offering, and have an exercise price of \$4.2125 per share.

Warrant Exercises

During the three months ended September 30, 2023 March 31, 2024, the Company issued 432,000 780,000 shares of its common stock upon exercise of warrants and received proceeds of \$3,000. During the nine months ended September 30, 2023, the Company issued 627,000 shares of its common stock upon exercise of warrants and received proceeds of \$20,000 1,000. The exercise price of all shares exercised during the nine three months ended September 30, 2023 ranged from March 31, 2024 was \$0.001 to \$0.14.

As of September 30, 2022 March 31, 2023, the Company had issued and outstanding warrants to purchase shares of the Company's common stock as follows, which all met the condition for equity classification (in thousands):

Year	Expiration Date	Number Issued	Number Exercised	Number Cancelled/Expired	Number Outstanding as of December 31, 2021	Number Outstanding as of				Range of Exercise Price
						Expiration Date	December 31, 2022	Issued	Exercised	
2023	April 2023	—	—	—	12	—	—	—	12	\$ 10.17

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During the three months ended **September 30, 2022** **March 31, 2023**, the Company issued **3,000** **51,000** shares of its common stock upon exercise of warrants and received proceeds of \$63,000. During the nine months ended **September 30, 2022**, the Company issued **48,000** shares of its common stock upon exercise of warrants and received proceeds of **\$70,000** **7,000**. The exercise price of all shares exercised during the nine months ended **September 30, 2022** ranged from **was** \$0.14 to \$26.88.

Common Stock

As of **September 30, 2023** **March 31, 2024**, there were **10,214,945** **11,350,460** shares of common stock issued and outstanding.

Common stock reserved for future issuance consisted of the following as the period presented:

	September	30, March 31,
	2023	2024
	(in thousands)	
Shares reserved for stock options and restricted stock units to purchase common stock under equity incentive plans	2,020	1,793
Shares reserved for future issuance of equity awards	932	1,411
Shares reserved for exercise of warrants	1,863	2,724
Total	4,815	5,928

During the three months ended **September 30, 2023** **March 31, 2024**, the Company issued **51,000** **780,000** shares of its common stock upon exercise of warrants and received proceeds of \$1,000. The exercise price of all shares exercised was \$0.001.

During the three months ended **March 31, 2024**, the Company issued **91,000** shares of its common stock for license expenses and recorded \$250,000 as license expense within research and development expense.

During the three months ended **March 31, 2024**, the Company issued **82,000** shares of its common stock for professional services and recorded **\$114,000** **219,000** as consulting expense within general and administrative expense.

During the **nine three** months ended **September 30, 2023** **March 31, 2023**, the Company sold 126,503 shares of its common stock to individual investors under the Sales Agreement (as defined below) and received net proceeds of **\$0.8** **751,000 million** in connection with the ATM (as defined below) equity offering program.

During the **nine three** months ended **September 30, 2023** **March 31, 2023**, the Company issued **63,000** shares of its common stock for professional services and recorded **\$155,000** as consulting expense within general and administrative expense.

During the three months ended September 30, 2023, the Company issued 432,000 shares of its common stock upon exercise of warrants and received proceeds of \$3,000. During the nine months ended September 30, 2023, the Company issued 627,000 shares of its common stock upon exercise of warrants and received proceeds of \$20,000. The exercise price of all shares exercised ranged from \$0.001 to \$0.14.

During the nine months ended September 30, 2023, the Company issued 132,000 23,000 shares of its common stock upon vesting of restricted stock units. 100,000 19,000 shares were issued to members of the Company's executive management, 10,000 2,000 shares were issued to directors of the Company and 22,000 2,000 were issued to employees, former employees and former Board members. other employees.

During the three months ended September 30, 2022 March 31, 2023, the Company sold issued 20,000 12,000 shares of its common stock to individual investors for professional services and received net proceeds of recorded \$553,000. During the nine months ended September 30, 2022, the Company sold 56,000 41,000 shares of its common stock to individual investors as consulting expense within general and received net proceeds of \$1.6 million. administrative expense.

During the three months ended September 30, 2022, outstanding principal and accrued interest under the other notes payable of \$1.6 million was settled by issuing 59,000 shares of the Company's common stock at fair value (based on a recent valuation) to the holders. During the nine months ended September 30, 2022, outstanding principal and accrued interest under the other notes payable of \$2.9 million was settled by issuing 114,000 shares of the Company's common stock at fair value (based on a recent valuation) to the holders.

During the three months ended September 30, 2022, the Company issued 143,000

shares of its common stock upon exercise of warrants and received proceeds of \$63,000. During the nine months ended September 30, 2022, the Company issued 48,000 shares of its common stock upon exercise of warrants and received proceeds of \$70,000. The exercise price of all shares exercised ranged from \$0.14 to \$26.88.

Private Placement

The Private Placement (see Note 1) provides for the issuance of shares of the Company's common stock in two closings, one of which occurred immediately following the closing of the Merger and one of which is was expected to occur on April 15, 2024. The first closing of the Private Placement occurred on December 16, 2022 and the Company issued 649,346 shares of its common stock and received net proceeds of \$7.4 million to investors that are related parties.

In connection with the Private Placement in December 2022, the Company issued 104,000 warrants to purchase shares of the Company's non-voting common stock to investors in the Private Placement, each at an exercise price of \$0.14, with exercise contingent upon the

Merger closing and exercisable following the first closing of the Private Placement. The Company determined the contingent exercise provisions were indexed to the Company's operations and the warrants qualified for equity classification.

The second closing of the Private Placement **is was** expected to occur on April 15, 2024, **at which time however, the investors failed to fulfill their contractual obligation to fund and the second closing did not occur.** Had the second closing of the Private Placement occurred, the Company **will be would have been** obligated to issue a number of shares of its common stock based on the aggregate purchase price of \$22.5 million divided by the purchase price equal to (a) the VWAP, plus (b) 10% of the VWAP; *provided, however*, that the share purchase price shall be at least equal to the closing price of the Company's common stock on March 29, 2023. The Company determined that its obligation to issue additional shares of its common stock in the second closing at a premium to the VWAP was a freestanding financial instrument and a future right, which is subject to fair value. Accordingly, at inception the future right was recorded as an other asset in the Company's consolidated balance sheet at its fair value equal to 10% of the second closing amount, or \$2.3 million. The remaining proceeds from the first closing were allocated to the shares of common stock issued in the first closing and to the warrants as such instruments are equity-classified. The future right **is was** subject to remeasurement at each reporting date and the Company **has** used the Monte Carlo simulation method to determine fair value of approximately **\$2.13.8** million as of **September 30, 2023, December 31, 2023 and zero as of March 31, 2024** as at that time, the Company did not expect the second closing to occur. The Company incurred insignificant issuance costs related to the Private Placement.

9. Collaboration Agreement

The following table shows the activity for the Company's collaboration revenue agreement and deferred revenue (in thousands):

	September 30,		March 31,	
	2023	2022	2024	2023
	(in thousands)		(in thousands)	
Balance as of beginning of period	\$ 442	\$ —	\$ —	\$ 442
Decrease for provision of research services	(442)	—	—	(281)
Balance as of end of period	\$ —	\$ —	\$ —	\$ 161

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Merck

In connection with the Merger, the Company became the successor in interest to the Merck Neuromuscular License Agreement with Merck to support research, development and commercialization of products for treatment of neuromuscular diseases, including amyotrophic lateral sclerosis ("ALS"). **As of December 31, 2022, the Company had \$442,000 in deferred revenue under the Merck Neuromuscular License Agreement.** The Company recognized zero in revenue for the three months ended **September 30, 2023, March 31, 2024** and **\$442,000 for the nine months ended September 30, 2023.** The Company recognized revenue of zero **281,000** for the three and nine months ended

September 30, 2022 March 31, 2023. As of September 30, 2023 March 31, 2024, the Company had zero in deferred revenue under the Merck Neuromuscular License Agreement.

10. Grant Agreement

National Institutes of Health

The Company was awarded a cost-reimbursable grant from the National Institutes of Health (the "NIH"), a federal medical research agency supporting scientific studies, to support the Company's research studies for arenavirus hemorrhagic fever. This award was based on budgeted direct and indirect costs and may only be used for budgeted costs as allowable under certain government regulations and NIH's policy and compliance requirements, subject to government audit. This award was \$1.1 million for the budget period January 2021 to December 2021, which was later extended to December 31, 2022.

The Company recognized grant revenue under this grant of zero for the three and nine months ended September 30, 2023. The Company recognized grant revenue of \$200,000 for the three months ended September 30, 2022 and \$501,000 for the nine months ended September 30, 2022.

11. Licensing Revenue Agreements

The following table shows the activity for the Company's licensing revenue agreements and deferred revenue (in thousands):

	September 30,	
	2023	2022
	(in thousands)	
Balance as of beginning of period	\$ —	\$ 1,041
Decrease for provision of research services	—	(965)
Balance as of end of period	\$ —	\$ 76

Genentech, Inc.

In April 2018, the Company entered into an exclusive option and license agreement with Genentech, as amended in November 2019 and October 2020 (such agreement, as amended, the "Genentech Agreement"), to develop the Company's $\alpha 9/\alpha 10$ nicotinic acetylcholine receptor ("nAChR") antagonists for the treatment of chronic pain. On December 27, 2022, the Company through its subsidiary KCP, received written notice from Genentech of its termination of the Genentech Agreement.

The Company recognized license revenue over time of zero under the Genentech Agreement with Genentech for the three and nine months ended September 30, 2023. The Company recognized license revenue of zero for the three months ended September 30, 2022 and \$965,000 for the nine months ended September 30, 2022. There was no deferred revenue related to this license as of September 30, 2023 as the Genentech Agreement was terminated in December 2022.

Merck

In June 2023, the Company achieved a development milestone pursuant to the Merck Neuromuscular License Agreement, which triggered a \$5.0 million payment. This collaboration focused on the discovery and development of novel candidates for the treatment of ALS. Merck will continue to advance the research program for the ALS pipeline, one of the two pipeline programs licensed under the Merck

Neuromuscular License Agreement. As a result, the Company is eligible to receive up to an additional \$255.0 million in development milestones, sales milestones and royalties on net sales. Following this milestone, Merck will assume sole responsibility for all future development and commercialization for the ALS program. The Company recognized one-time licensing revenue of \$5.0 million for the three months ended June 30, 2023 under the Merck Neuromuscular License Agreement. The Company received the \$5.0 million milestone payment in July 2023.

12. Stock-Based Compensation

2008 Equity Incentive Plan

The Company's 2008 Equity Incentive Plan (the "2008 Plan") provided for the grant of incentive stock options, non-statutory stock options, restricted stock awards and restricted stock units to employees and non-employee service providers of the Company. Under the 2008 Plan, the exercise price of stock options granted were at 100% of the estimated fair market value of the Company's common stock on the date of grant and the contractual term of stock options granted were between five and ten years. Options become vested and, if applicable, exercisable based on terms

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determined by the Company's board of directors or other plan administrator on the date of grant, which is continued employment or service as defined in each option agreement.

In 2018, the 2008 Plan expired and 225,041 86,000 stock options granted prior to the 2008 Plan expiration remain outstanding as of September 30, 2023 March 31, 2024.

2010 Equity Incentive Plan

The Company's 2010 Equity Incentive Plan (the "2010 Plan") provided for the grant of incentive stock option, non-statutory stock options, stock appreciation rights, restricted stock awards and restricted stock unit awards to employees and non-employee service providers of the Company. Under the 2010 Plan, the exercise price of stock options granted were at 100% of the estimated fair market value of the Company's common stock on the date of grant and the contractual term of stock options granted did not exceed ten years. Options become vested and, if applicable, exercisable

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based on terms determined by the Company's board of directors or other plan administrator on the date of grant, which is continued employment or service as defined in each option agreement. Stock appreciation rights ("SARs") provide a participant with the right to receive the aggregate appreciation in stock price over the market price of the Company's common stock at the date of grant, payable in

cash. The rights granted have varying vesting terms, including SARs that vest immediately on the grant date and upon satisfaction of the service-based requirement, typically three to five years. The maximum fair value is limited to four times the exercise price.

In February 2020, the 2010 Plan expired and 199,103 181,000 stock options granted prior to the expiration remain outstanding as of September 30, 2023 March 31, 2024. As of September 30, 2023, there were no SARs outstanding.

2020 Equity Incentive Plan

The Company's 2020 Equity Incentive Plan (the "2020 Plan") authorizes the grant of equity awards for up to 206,000 shares of the Company's voting common stock and 206,000 of the Company's non-voting common stock.

The 2020 Plan provides for the grant of incentive stock options, non-statutory stock options and restricted stock to employees and non-employee service providers. Under the 2020 Plan, the contractual term of stock options shall not exceed ten years and the exercise price of stock options granted shall not be less than 100% of the estimated fair market value of the Company's common stock on the date of grant. However, the exercise price of incentive stock options granted to a 10% stockholder shall not be less than 110% of the fair market value of the common stock on the date of grant and the contractual term shall not exceed ten years. Options become vested and, if applicable, exercisable based on terms determined by the Company's board of directors or other plan administrator on the date of grant, which is continued employment or service as defined in each option agreement. Restricted stock has vesting terms that vest immediately on the grant date or upon satisfaction of the service-based requirement, typically four years or the performance-based requirement. The Company has a repurchase right exercisable upon termination of continuous service with respect to restricted stock for any shares that are issued and unvested.

In December 2022, the 2020 Plan expired and 201,919 199,000 stock options and 9,809 7,000 RSUs granted prior to the 2020 Plan expiration remain outstanding as of September 30, 2023 March 31, 2024.

2022 Equity Incentive Plan

In December 2022, the Company approved the 2022 Equity Incentive Plan (the "2022 Plan"). The 2022 Plan provides for the grant of incentive stock option, non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights ("SARs"), performance units and performance shares to employees, directors and independent contractors of the Company. Under the 2022 Plan, the exercise price of stock options grants shall be at 100% fair market value of the Company's common stock on the date of grant and the contractual term of stock options granted shall not exceed ten years. Options become vested and, if applicable, exercisable based on terms determined by the Company's board of directors or other plan administrator on the date of grant, which is continued employment or service as defined in each option agreement. SARs provide a participant with the right to receive the aggregate appreciation in stock price over the market price of the Company's common stock at the date of grant, payable in cash or in shares of equivalent value.

Stock Option Activity

The following table summarizes stock option activity under the Company's equity incentive plans:

	Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value	Outstanding Stock Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
	(in thousands)	(except per share amounts)	(years)	(in thousands)	(in thousands)	(except per share amounts)	(years)	(in thousands)
December 31, 2022	73	22.6	5.4	\$ —				
December 31, 2023					1,975	\$ 9.00	7.6	\$ 604
Granted	1,383	\$ 3.19			—	\$ —		
Exercised	—	\$ —			—	\$ —		
Forfeited	(98)	\$ 2			(66)	\$ 4.18		
Expired	(9)	\$ 0			(123)	\$ 12.11		
Outstanding as of September 30, 2023	2,010	\$ 9.16	8.0	\$ 6				
Exercisable as of September 30, 2023	1,008	\$ 9	6.5	\$ 51				
Outstanding as of March 31, 2024					1,786	\$ 8.96	8.0	\$ —

Exercisable					
as of March					
31, 2024	1,045	\$	12.10	7.2	\$ —

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Fair Value of Stock Options

The fair value of Company did not grant any stock options granted for employee and non-employee awards was estimated at during the grant date using the Black-Scholes option pricing model based on the following assumptions: three months ended March 31, 2024 or 2023.

	Nine Months Ended September 30,	
	2023	2022
Expected volatility	111.1% - 113.1%	84.2% - 86.0%
Expected term (years)	5.35 - 6.08	3.0 - 7.0
Risk-free interest rate	3.4% - 4.4%	1.6% - 2.9%
Expected dividend yield	0% - 0%	0% - 0%

Restricted Stock

The Company has granted restricted stock units ("RSUs") under its equity incentive plans with both service-based and performance-based vesting conditions. As of September 30, 2023 March 31, 2024, the Company's outstanding RSUs are time-based and have a grant date fair value of \$267,000 176,000.

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The following table summarizes the Company's restricted stock activity consisting of RSUs:

	Number of Restricted	Weighted-Average Grant Date	Number of Restricted	Weighted-Average Grant Date Fair
	Stock (RSUs)	Fair Value Per Share	Stock (RSUs)	Value Per Share
	(in thousands, excepts per share amounts)		(in thousands, excepts per share amounts)	
Outstanding and unvested as of				
December 31, 2022	175	\$ 26.89		

Outstanding and unvested as of			
December 31, 2023		8	\$ 27.14
Exercised/Released	(157)	\$ 26.89	(1) \$ 31.98
Cancelled/Forfeited	(8)	\$ 26.48	— \$ —
Outstanding and unvested as of			
September 30, 2023	10	\$ 27.22	
Outstanding and unvested as of			
March 31, 2024		7	\$ 26.62

Stock-Based Compensation

The following table summarizes total stock-based compensation included in the Company's consolidated statements of operations:

	Three Months		Nine Months		Three Months Ended March 31,	
	Ended September		Ended September			
	30,	30,	30,	30,	2024	2023
	2023	2022	2023	2022	(in thousands)	
	(in thousands)				(in thousands)	
Research and development	\$ 91	\$ 292	\$ 516	\$ 895	\$ 74	\$ 77
General and administrative	383	185	2,88	622	403	977
Total stock-based compensation	\$ 474	\$ 477	\$ 3,39	\$ 1,51	\$ 477	\$ 1,054

As of **September 30, 2023** **March 31, 2024**, there was **\$3.4** **1.5** million of unrecognized stock-based compensation related to stock options and RSUs outstanding, which is expected to be recognized over a weighted-average remaining service period of **2.0** **1.6** years.

13.11 Net Loss Per Share

The following table summarizes the computation of basic and diluted net loss per share:

	Three Months		Nine Months		Three Months Ended March 31,	
	Ended		Ended			
	September 30,	September 30,	September 30,	September 30,	2024	2023
	2023	2022	2023	2022	(in thousands)	

	(in thousands, excepts per share amounts)				(in thousands, excepts per share amounts)	
Numerator:						
Net loss attributable to Kineta, Inc.	(5,380)	(5,585)	(11,445)	(16,439)	\$ (10,238)	\$ (6,451)
Denominator:						
Weighted-average common shares outstanding, basic and diluted ⁽¹⁾	11,738	4,891	10,505	4,808	11,443	8,361
Net loss per share, basic and diluted	(0.46)	(1.14)	(1.09)	(3.42)	\$ (0.89)	\$ (0.77)

(1) Included in the denominator were 577,000 and 530,000 663,000 weighted-average shares of common stock warrants for the three and nine months ended September 30, 2023 March 31, 2024, respectively, with an exercise price of \$0.14. Included in the denominator were 155,000 and 153,000 520,000 weighted-average shares of common stock warrants for the three and nine months ended September 30, 2022 March 31, 2023, respectively, with an exercise price of \$0.14.

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The following outstanding potentially dilutive common stock equivalents were excluded from the computation of diluted net loss per share as of the periods presented because including them would have been antidilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
	(in thousands)				(in thousands)	
Warrants to purchase common stock					2,560	482
Common stock options	2,010	721	2,010	721	1,786	708
Vested restricted stock subject to recall					56	56
Unvested restricted stock subject to repurchase	10	170	10	170	7	152
Warrants to purchase common stock	1,630	154	1,630	154		

Vested restricted stock						
subject to recall	56	56	56	56		
Convertible notes, if						
converted	—	660	—	660		
Total	3,70	1,76	3,70	1,76		
	6	1	6	1	4,409	1,398

Defined Contribution Plan

The Company sponsors a 401(k) Plan whereby all employees are eligible to participate in the 401(k) Plan after meeting certain eligibility requirements. Participants may elect to have a portion of their salary deferred and contributed to the 401(k) plan, subject to certain limitations. The Company provided matching contributions of \$24,000 23,000 for the three months ended September 30, 2023 March 31, 2024 and \$93,000 for the nine months ended September 30, 2023. The Company provided matching contributions of \$30,000 40,000 for the three months ended September 30, 2022 and \$97,000 for the nine months ended September 30, 2022 March 31, 2023.

14. 12. Related Party Transactions

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Stock Purchases

During the three months ended September 30, 2023, five members of the Company's executive management purchased 30,000 shares of the Company's common stock on the open market and one director of the Company purchased 5,000 shares of the Company's common stock on the open market.

During the nine months ended September 30, 2023 March 31, 2023, five members of the Company's executive management purchased 35,000 shares of the Company's common stock on the open market and one director of the Company purchased 5,000 shares of the Company's common stock on the open market.

RSU Vesting

During the nine months ended September 30, 2023, the Company issued 100,000 shares of its common stock to members of the Company's executive management and 10,000 shares to directors of the Company, upon vesting of restricted stock units.

Warrant Exercises

During the nine months ended September 30, 2023, the Company issued 3,000 shares of its common stock to members of the Company's executive management and 60,000 shares to a director of the Company, upon exercise of outstanding warrants.

2020 Convertible Notes

As of September 30, 2022, the Company had a principal balance of \$9.8 million outstanding for its 2020 convertible notes. Two members of the Company's board of directors held two of 2020 convertible notes totaling \$1.8 million.

15.13 Subsequent Events

The Company evaluated subsequent events through the date these consolidated financial statements were issued.

Equity Raise - Registered Direct Offering Annual Stock Awards and Employee Retention Policy

On October 3, 2023 April 11, 2024, the Compensation Committee of the Board approved and on April 14, 2024, the Board approved and adopted the Annual Stock Awards and Employee Retention Policy (the "Policy"), which will provide retention awards to key employees, including certain of the Company's named executive officers. Under the Policy, the Company's former Chief Executive Officer and the Company's Chair of the Board, Shawn Iadonato, Ph.D., the Company's President, Craig W. Philips, the Company's Chief Financial Officer, Keith A. Baker, and the Company's Chief Scientific Officer, Thierry Guillaudeux, Ph.D., received option awards to purchase 225,000, 225,000, 225,000 and 225,000 shares of the Company's common stock, respectively. The awards are subject to three-part vesting: (i) 25% of the shares will vest upon award; (ii) 50% of shares will vest in the event of a Transaction or a Qualified Transaction, as such terms are defined in the Policy; and (iii) 25% of the shares will vest and become exercisable over the 36-month period following the award on the one-month anniversary of the vesting commencement date, subject to the optionee's continued service through each vesting date.

Cash Retention Plan

On April 11, 2024, the Compensation Committee approved and on April 14, 2024, the Board approved and adopted the Cash Retention Plan (the "Plan") to further align management's interest with that of investors and to ensure retention of key employees, including certain of the Company's named executive officers. Under the Plan, the following one-time bonuses will be paid within 30 days of the funding of a Qualified Transaction (as defined in the Plan): \$83,333 to the Company's President, Craig W. Philips, \$72,917 to the Company's Chief Financial Officer, Keith A. Baker, and \$72,917 to the Company's Chief Scientific Officer, Thierry Guillaudeux, Ph.D.

Nasdaq Bid Price Deficiency Letter

On April 18, 2024, the Company received written notice (the "Notice") from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") stating that the Company is not in compliance with Nasdaq Listing Rule 5550(a)(2) (the "Rule") because the Company has not maintained a minimum closing bid price of the Company's common stock of at least \$1.00 per share for the last 30 consecutive business days. The Notice has no immediate effect on the listing or trading of the Company's securities.

The Company has 180 calendar days from the date of the Notice, or until October 15, 2024, to regain compliance. If the Company is not deemed in compliance before the expiration of the 180 day compliance period, it will be afforded an additional 180 day compliance period, provided that on the 180th day of the first compliance period it meets the applicable market value of publicly held shares requirement for continued listing and all other applicable standards for initial listing on The Nasdaq Capital Market (except the bid price requirement) based

on the Company's most recent public filings and market information and provides written notice to Nasdaq of its intention to cure this deficiency during the second compliance period.

Compliance can be achieved during any compliance period by meeting the applicable standard for a minimum of 10 consecutive business days during the applicable compliance period, unless Nasdaq exercises its discretion to extend this 10 day period as discussed in Rule 5810(c)(3)(H).

If the Company does not regain compliance with the bid price requirement within the compliance period, the Company's common stock will be subject to delisting. In the event the Company receives notice that the Company's common stock is being delisted, Nasdaq's rules permit the Company to appeal the delisting determination by the Nasdaq staff to a hearings panel.

The Company intends to monitor the bid price of the Company's listed securities and may, if appropriate, consider available options to regain compliance with the bid price requirement.

There can be no assurance that the Company will be able to regain compliance with the bid price requirement.

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Settlement Agreement and Mutual Release

On April 22, 2024, the Company entered into a Securities settlement agreement and mutual release (the "Settlement Agreement") by and between the Company and RLB Holdings Connecticut, LLC ("RLB") to continue RLB's investment in the Company and to resolve any and all potential claims or causes of action in connection with RLB's failure to purchase \$2,500,000 shares of the Company's common stock pursuant to a financing agreement, dated as of June 5, 2022, as amended on October 24, 2022, December 5, 2022, March 29, 2023, May 1, 2023, July 21, 2023 and October 13, 2023.

Pursuant to the Settlement Agreement, within five (5) days of the Agreement, RLB shall purchase \$500,000 of shares of Common Stock, to be adjusted as necessary to avoid the issuance of any fractional shares (the "Share Purchase Price"), and in exchange, within ten (10) days of receiving the Share Purchase Price, Kineta shall issue to RLB such number of shares of Common Stock equal to the Share Purchase Price divided by the sum of (i) the Nasdaq Official Closing Price of Common Stock for the five trading days prior to the date of the Agreement (the "October 2023 Purchase Agreement" "NOCP") with an institutional investor (the "October 2023 Investor") pursuant to which and (ii) 20% of the NOCP. On April 23, 2024, the Company received cash proceeds of \$500,000 from RLB and on May 1, 2024, the Company issued and sold, in a registered direct offering priced at-the-market under the rules of Nasdaq (such offering, the "October 2023 Registered Offering"), (i) an aggregate of 110,000 903,995 shares of its common stock at a purchase price of \$3.37 per share, and (ii) pre-funded warrants exercisable for up to 780,208 shares of its common stock (the "October 2023 Pre-Funded Warrants") to the October 2023 Investor at a purchase price of \$3.369 per October 2023 Pre-Funded Warrant, for aggregate gross proceeds from the October RLB.

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2023 Registered Offering of approximately \$3.0 million before deducting the placement agent fee (as described in greater detail below) and related offering expenses.

Each October 2023 Pre-Funded Warrant represents the right to purchase one share of common stock at an exercise price of \$0.001 per share. The October 2023 Pre-Funded Warrants are exercisable immediately and may be exercised at any time until the October 2023 Pre-Funded Warrants are exercised in full.

In a concurrent private placement (the "October 2023 Private Placement" and, together with the October 2023 Registered Offering, the "October 2023 Offering"), the Company issued to the October 2023 Investor warrants to purchase up to 890,208 shares of common stock (the "October 2023 Common Warrants") at an exercise price of \$3.25 per share. The October 2023 Common Warrants are exercisable immediately and will expire five and one-half years from the initial exercise date.

In connection with the October 2023 Offering, the Company entered into an engagement letter with H.C. Wainwright & Co., LLC ("Wainwright"), pursuant to which Wainwright agreed to serve as the exclusive placement agent for the issuance and sale of securities of the Company pursuant to the October 2023 Purchase Agreement. As compensation for such placement agent services, the Company paid Wainwright an aggregate cash fee equal to \$210,000, a non-accountable expense of \$35,000 and \$50,000 for legal and other expenses as actually incurred. The total offering-related fees were approximately \$310,000, which resulted in net proceeds to the Company of \$2.7 million. On October 5, 2023, the Company also issued to Wainwright or its designees warrants to purchase 44,510 shares of common stock (the "October 2023 Wainwright Warrants"). The October 2023 Wainwright Warrants have a term of five years from the commencement of sales in the October 2023 Offering, and have an exercise price of \$4.2125 per share.

Amendment No. 6 to the Securities Purchase Agreement

In connection and concurrently with the execution of the Merger Agreement, the Company entered into the Securities Purchase Agreement to sell shares of the Company's common stock to certain institutional investors in the Private Placement. The Company and the investors entered into an amendment to the Securities Purchase Agreement on October 13, 2023 to, among other things, extend the date of the second closing. The second closing of the Private Placement for an aggregate purchase price of \$22.5 million is expected to occur on April 15, 2024.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes appearing 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 the "Risk Factors" section 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.

Overview

On February 29, 2024, we announced that we had completed a review of our business, including the status of our programs, resources and capabilities. Following this review, we implemented a significant corporate restructuring to substantially reduce expenses and preserve cash. The restructuring included a reduction in our workforce by approximately 64% and the termination of enrollment of new patients in our ongoing VISTA-101 Phase 1/2 clinical trial evaluating KVA12123 in patients with advanced solid tumors. Patients currently enrolled in the trial will be permitted to continue to participate. We have made this decision, in part, because certain investors have indicated they will not be able to fulfill their contractual obligation to consummate the Private Placement (as defined below).

Due to the fact that we are unable to consummate the Private Placement, management and the Board has determined that it was in the best interests of the stockholders to seek a strategic alternative so that we could continue to operate. If the strategic process is unsuccessful, the Board may decide to pursue a liquidation or obtain relief under the US Bankruptcy Code.

The Company cautions that trading in the Company's securities is highly speculative and poses substantial risks. Trading prices for the Company's securities may bear little or no relationship to the actual value realized, if any, by holders of the Company's securities. In the event of liquidation, bankruptcy or other wind-down event, holders of our securities will likely suffer a total loss of their investment.

Accordingly, the Company urges extreme caution with respect to existing and future investments in its securities.

We are a clinical-stage biotechnology company with a mission to develop next-generation immunotherapies that transform patients' lives. We have leveraged our expertise in innate immunity and are focused on discovering and developing potentially differentiated immunotherapies that address the major challenges with current cancer therapy.

We have established our Innate Immunity Development Platform aimed at developing fully human monoclonal antibodies to address the major mechanisms of cancer immune resistance:

- Immuno-suppression; Immunosuppression;
- Exhausted T cells; and
- Poor tumor immunogenicity

Utilization of our Innate Immunity Development Platform is designed to result in novel, well-characterized immuno-oncology lead antibody therapeutics that can be efficiently advanced into investigational new drug ("IND")-enabling preclinical studies and clinical trials.

Our pipeline of assets and research interests includes (i) KVA12123, a monoclonal antibody ("mAb") immunotherapy targeting VISTA (V-domain Ig suppressor of T cell activation) and (ii) an anti-CD27 agonist mAb immunotherapy. These immunotherapies have the potential to address disease areas with unmet medical needs and significant commercial potential.

KVA12123 is a VISTA blocking immunotherapy in development as an intravenous infusion dosed every two weeks. We dosed the first patient in a Phase 1/2 clinical trial of KVA12123 in the United States in April 2023. The ongoing Phase 1/2 clinical study is designed to evaluate KVA12123 alone as a monotherapy and in combination with the immune checkpoint inhibitor pembrolizumab in patients with advanced solid tumors. Initial monotherapy safety, pharmacokinetic and biomarker data were presented at the Society for Immunotherapy of Cancer's (SITC) annual meeting in November 2023. KVA12123 is engineered was designed to be a differentiated VISTA blocking immunotherapy to address the problem of immunosuppression in the tumor microenvironment. TME. It is a fully human engineered IgG1 monoclonal antibody that was designed to bind binds to VISTA through a unique epitope and across neutral and acidic pHs. KVA12123 may

be an effective immunotherapy for many types of cancer, including non-small cell lung cancer (“NSCLC”), colorectal cancer (“CRC”), ovarian cancer (“OC”), renal cell carcinoma (“RCC”) and head and neck squamous cell carcinoma (“HNSCC”). These indications represent a significant unmet medical need with a large worldwide commercial opportunity for KVA12123.

We are also conducting preclinical studies on our lead developing an anti-CD27 agonist mAb immunotherapy that was discovered utilizing our Innate Immunity Development Platform. This to address the problem of exhausted T cells. The nominated lead candidate is a fully human mAb that demonstrates low nanomolar (“nM”) binding affinity to CD27 in humans. In preclinical studies, our lead anti-CD27 agonist mAb was observed to induce T cell proliferation candidate demonstrated antitumor efficacy as a single agent and secretion of cytokines involved in T cell priming combination with other immunotherapies in multiple solid and recruitment, as well as NK cell activation, suggesting the ability to potentiate new anti-tumor responses. hematological preclinical tumor models. CD27 is a clinically validated target that may be an effective immunotherapy for advanced solid tumors including RCC, CRC and OC. We continue to conduct preclinical studies to optimize our its lead anti-CD27 agonist mAb clinical candidate and to evaluate it in combination with other check-point check-point inhibitors.

According to Market Data Forecast, the immuno-oncology market generated sales of approximately \$99 billion \$111 billion in 2022 2023 and is forecast to reach \$179 billion \$201 billion in 2027. 2028. If we successfully complete the clinical trial program for KVA12123 and if we subsequently obtain regulatory approval for KVA12123, we will focus on initial target indications in NSCLC, CRC and OC. Clinical Initially the clinical development of KVA12123 will be as a second-line therapy in these indications. These three cancer therapy segments represent a forecasted \$48 billion market opportunity in 2027 according to GlobalData.

We are a leader in the field of innate immunity and are focused on developing potentially differentiated immunotherapies. With drug candidates expected to enter KVA12123 in clinical development and the clinic and additional immuno-oncology assets lead anti-CD27 agonist mAb in preclinical development, we believe we are positioned to achieve multiple value-driving

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catalysts. We have assembled an experienced management team, a seasoned research and development clinical team, an immuno-oncology focused scientific advisory board, an enabling technology platform and a leading intellectual property position to advance our pipeline of potential novel immunotherapies for cancer patients.

Since our inception in 2007, we have devoted substantially all of our resources to raising capital, licensing certain technology and intellectual property rights, identifying and developing potential product candidates, conducting research and development activities, including preclinical studies and clinical trials, organizing and staffing operations and providing general and administrative support for these operations.

We have no products approved for commercial sale and have not generated any revenue from product sales. To date, revenue has been generated from the out-licensing of certain rights to third parties, providing research services under licensing and collaboration agreements

as well as revenue from government grants.

We have never been profitable and have incurred operating losses in each period since inception. Our net losses were \$11.4 million \$10.2 million for the nine three months ended September 30, 2023 March 31, 2024 and \$16.5 million \$6.5 million for the nine three months ended September 30, 2022 March 31, 2023. As of September 30, 2023 March 31, 2024, we had an accumulated deficit of \$163.1 million \$176.0 million.

We expect to incur significant expenses and continued operating losses for at least the next several years as we initiate and continue the clinical development of, and seek regulatory approval for, our product candidates and add personnel necessary to advance our pipeline of clinical-stage product candidates. In addition, operating as a publicly-traded company will involve the hiring of additional financial and other personnel, and the incurrence of substantial other costs associated with operating as a public company. We expect that our operating losses will fluctuate significantly from quarter to quarter and year to year due to timing of clinical development programs and efforts to achieve regulatory approval.

From inception to September 30, 2023 March 31, 2024, we have raised cash from sales and issuances of common stock and borrowings under notes payable. As of September 30, 2023 March 31, 2024, we had cash of \$7.6 million. Our current capital resources, together with \$1.8 million, and there is substantial doubt about our ability to continue as a going concern. For more information, see the \$2.7 million net proceeds received risk factor in October 2023 from the registered direct offering plus the committed proceeds Item 1A. of \$22.5 million pursuant this Quarterly Report on Form 10-Q entitled, "Kineta identified conditions and events that raise substantial doubt about its ability to the second closing of the Private Placement, will be sufficient to fund operating expenses continue as a going concern, Kineta needs substantial additional funding, and capital expenditure requirements into early 2025. Our long term plans will require us if Kineta is unable to raise substantial additional capital to continue our clinical development and potential commercialization activities. Accordingly, we will need to raise substantial additional capital to continue to fund our long-term plans. The amount and timing of our future funding requirements will depend when needed or on many factors, including the pace favorable terms, its business, financial condition, and results of our clinical development efforts. Failure to raise capital as operation could be materially and when needed, on favorable terms or at all, would have a negative impact on our financial condition and our ability to develop our product candidates. adversely affected."

Private Placement

In connection and concurrently with the execution of the Merger Agreement, we entered into the Securities Purchase Agreement with certain investors to sell shares of our common stock to such investors in the Private Placement. We and the investors entered into an amendment to the Securities Purchase Agreement on October 13, 2023 to, among other things, extend the date of the second closing from October 31, 2023 to April 15, 2024.

The first closing of the Private Placement occurred on December 16, 2022 and we issued 649,346 shares of our common stock and received net proceeds of \$7.4 million. The second closing of the Private Placement for an aggregate purchase price of \$22.5 million is was expected to occur on April 15, 2024. The Company has, however, the ability investors failed to unilaterally terminate the Securities

Purchase Agreement until the date of fulfill their contractual obligation to fund and the second closing. closing did not occur. We are pursuing litigation or seeking other settlements against the investors for the failure to fund.

Geopolitical Developments

Geopolitical developments, such as the Russian invasion of Ukraine, the conflict in Israel and the Gaza Strip or deterioration in the bilateral relationship between the United States and China, may impact government spending, international trade and market stability, and cause weaker macro-economic conditions. The impact of these developments, including any resulting sanctions, export controls or other restrictive actions that may be imposed against governmental or other entities in, for example, Russia, have in the past contributed and may in the future contribute to disruption, instability and volatility in the global markets, which in turn could adversely impact our operations and weaken our financial results. Certain political developments may also lead to uncertainty to regulations and rules that may materially affect our business.

At-the-Market Offering Program

In February 2023, we entered into a sales agreement (the "Sales Agreement") with Jefferies with respect to an at-the-market ("ATM") offering program under which we may issue and sell, from time to time and at our sole discretion, shares of our common stock, in an aggregate offering amount of up to \$17.5 million, subject to the offering limits in General Instruction I.B.6 to Form S-3. Jefferies acts as our sales agent and will use commercially reasonable efforts to sell shares of common stock from time to time, based upon instruction from us. We will pay Jefferies 3.0% of the gross proceeds from the sales of any common stock sold pursuant to the Sales Agreement.

Nasdaq Bid Price Deficiency Letter

On April 19, 2023 April 18, 2024, we delivered the Company received written notice to Jefferies that we were suspending and terminating (the "Notice") from the prospectus supplement (the "ATM Prospectus Supplement") related to our common stock issuable pursuant to the Sales Agreement. We will not make any sales of our securities pursuant to the Sales Agreement, unless and until a new prospectus supplement is filed. Other than the termination and suspension of the ATM Prospectus Supplement, the Sales Agreement remains in full force and effect.

During the nine months ended September 30, 2023, we sold 126,503 shares of our common stock to individual investors under the Sales Agreement and received net proceeds of \$0.8 million in connection with the ATM equity offering program.

Registered Direct Offerings

April 2023

On April 20, 2023, we entered into a Securities Purchase Agreement (the "April 2023 Purchase Agreement") with an institutional investor (the "April 2023 Investor"), pursuant to which we issued and sold, in a registered direct offering priced at-the-market under the rules Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") (such offering, the "April 2023 Registered Offering"), (i) an aggregate of 948,000 shares of our common stock, at a purchase price of \$4.21 per share and (ii) pre-funded warrants exercisable for up to 477,179 shares of our common stock (the "April 2023

Pre-Funded Warrants”) to the April 2023 Investor at a purchase price of \$4.209 per April 2023 Pre-Funded Warrant, for aggregate gross proceeds from the April 2023 Registered Offering (as defined below) of approximately \$6.0 million before deducting the placement agent fee (as described in greater detail below) and related offering expenses.

Each April 2023 Pre-Funded Warrant represents the right to purchase one share of common stock at an exercise price of \$0.001 per share. The April 2023 Pre-Funded Warrants are exercisable immediately and may be exercised at any time until the April 2023 Pre-Funded Warrants are exercised in full.

In a concurrent private placement (the “April 2023 Private Placement” and, together with the April 2023 Registered Offering, the “April 2023 Offering”), we issued to the April 2023 Investor warrants to purchase up to 1,425,179 shares of common stock (the “April 2023 Common Warrants”) at an exercise price of \$4.08 per share. The April 2023 Common Warrants are exercisable immediately and will expire five and one-half years from the initial exercise date.

In connection with the April 2023 Offering, we entered into an engagement letter with H.C. Wainwright & Co., LLC (“Wainwright”), pursuant to which Wainwright agreed to serve as the exclusive placement agent for the issuance and sale of securities of the Company pursuant to the April 2023 Purchase Agreement. As compensation for such placement agent services, we paid Wainwright an aggregate cash fee equal to \$420,000, a non-accountable expense of \$35,000 and \$50,000 for legal and other expenses as actually incurred. The total offering-related fees were approximately \$520,000, which resulted in net proceeds to the Company of \$5.5 million. On April 24, 2023, we also issued to Wainwright or its designees warrants to purchase 71,259 shares of common stock (the “April 2023 Wainwright Warrants”). The April 2023 Wainwright Warrants have a term of five years from the commencement of sales in the April 2023 Offering, and have an exercise price of \$5.2625 per share.

October 2023

On October 3, 2023, we entered into a Securities Purchase Agreement (the “October 2023 Purchase Agreement”) with an institutional investor (the “October 2023 Investor”) pursuant to which the Company issued and sold, in a registered direct offering priced at-the-market under the rules of Nasdaq (such offering, the “October 2023 Registered Offering”), (i) an aggregate of 110,000 shares of our common stock, at a purchase price of \$3.37 per share, and (ii) pre-funded warrants exercisable for up to 780,208 shares of our common stock (the “October 2023 Pre-Funded Warrants”) to the October 2023 Investor at a purchase price of \$3.369 per October 2023 Pre-Funded Warrant, for aggregate gross proceeds from the October 2023 Registered Offering of approximately \$3.0 million before deducting the placement agent fee (as described in greater detail below) and related offering expenses.

Each October 2023 Pre-Funded Warrant represents the right to purchase one share of common stock at an exercise price of \$0.001 per share. The October 2023 Pre-Funded Warrants are exercisable immediately and may be exercised at any time until the October 2023 Pre-Funded Warrants are exercised in full.

In a concurrent private placement (the “October 2023 Private Placement” and, together with the October 2023 Registered Offering, the “October 2023 Offering”), we issued to the October 2023 Investor warrants to purchase up to 890,208 shares of common stock (the “October 2023 Common Warrants”) at an exercise price of \$3.25 per share. The October 2023 Common Warrants are exercisable immediately and will expire five and one-half years from the initial exercise date.

In connection with the October 2023 Offering, we entered into an engagement letter with Wainwright, pursuant to which Wainwright agreed to serve as the exclusive placement agent for the issuance and sale of securities of the Company pursuant to the October 2023 Purchase Agreement. As compensation for such placement agent services, the Company paid Wainwright an aggregate cash fee equal to \$210,000, a non-accountable expense of \$35,000 and \$50,000 for legal and other expenses as actually incurred. The total offering-related fees were

approximately \$310,000, which resulted in net proceeds to the Company of \$2.7 million. On October 5, 2023, the Company also issued to Wainwright or its designees warrants to purchase 44,510 shares of Common Stock (the "October 2023 Wainwright Warrants" and, together with the Pre-Funded Warrants and the Common Warrants, the "Warrants"). The October 2023 Wainwright Warrants have a term of five years from the commencement of sales in the October 2023 Offering, and have an exercise price of \$4.2125 per share.

Nasdaq Compliance

On June 27, 2023, the Company received written notice from the Listing Qualifications Department of Nasdaq stating that the Company is not in compliance with Nasdaq Listing Rule 5550(b) 5550(a)(2) (the "Rule") because the Company has not maintained a minimum Market Value closing bid price of Listed Securities the Company's common stock of at least \$35 million \$1.00 per share for the last 30 consecutive business days. The Notice has no immediate effect on the listing or trading of the Company's securities.

On August 15, 2023 The Company has 180 calendar days from the date of the Notice, or until October 15, 2024, to regain compliance. If the Company received is not deemed in compliance before the expiration of the 180 day compliance period, it will be afforded an additional 180 day compliance period, provided that on the 180th day of the first compliance period it meets the applicable market value of publicly held shares requirement for continued listing and all other applicable standards for initial listing on The Nasdaq Capital Market (except the bid price requirement) based on the Company's most recent public filings and market information and provides written notice from to Nasdaq of its intention to cure this deficiency during the Listing Qualifications Department second compliance period.

Compliance can be achieved during any compliance period by meeting the applicable standard for a minimum of 10 consecutive business days during the applicable compliance period, unless Nasdaq notifying exercises its discretion to extend this 10 day period as discussed in Rule 5810(c)(3)(H).

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If the Company that, based on its Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, the Company has regained does not regain compliance with the alternative standard under bid price requirement within the compliance period, the Company's common stock will be subject to delisting. In the event the Company receives notice that the Company's common stock is being delisted, Nasdaq's rules permit the Company to appeal the delisting determination by the Nasdaq Listing Rule 5550(b)(1). Nasdaq considers staff to a hearings panel.

The Company intends to monitor the matter closed bid price of the Company's listed securities and may, if appropriate, consider available options to regain compliance with the bid price requirement.

There can be no assurance that the Company will be able to regain compliance with the bid price requirement.

Financial Operations Overview

Revenues

To date, we have not generated any revenue from product sales and do not expect to generate any revenue from product sales in the near future. Our revenues have been primarily derived from our collaboration, research and license agreements as well as grants awarded by government agencies.

Collaboration Revenues

In connection with the Merger, we became the successor in interest to an exclusive license and research collaboration agreement (the "Merck Neuromuscular License Agreement") with Merck (known as MSD outside the United States and Canada) to support research, development and commercialization of products for treatment of neuromuscular diseases, including amyotrophic lateral sclerosis. We recognize revenue using the cost-to-cost method, which we believe best depicts the transfer of control to the customer. Under the cost-to-cost method, the extent of progress towards completion is measured based on the ratio of actual costs incurred to the total estimated costs expected upon satisfying the identified performance obligation. Under this method, revenue is recognized as a percentage of actual cost incurred to the estimated costs to complete.

Licensing Revenues

Our license agreements may include the transfer of intellectual property rights in the form of licenses, promises to provide research and development services and promises to participate on certain development committees with the collaboration party. The terms of such agreements include payment to us of one or more of the following: nonrefundable upfront fees, payment for research and development services, development, regulatory and commercial milestone payments and sales-based milestones and royalties on net sales of licensed products.

Revenue associated with nonrefundable upfront license fees where the license fees and research and development activities cannot be accounted for as separate performance obligations is deferred and recognized as revenue over the expected period of performance based on a cost-based input method. Revenue from contingent development, regulatory and commercial milestones, when not deemed probable of significant reversal of cumulative revenue, is also recognized over the performance period based on a similar method. Where we have no remaining performance obligations, revenue from such milestones is recognized when the accomplishment of the milestones is deemed probable. Our license agreement with Genentech was terminated in December 2022 and we do not expect to recognize any revenue from the Genentech Agreement during 2023.

Grant Revenues

Under our grant agreements with government-sponsored and charitable organizations, we receive payment for providing research and development services. Revenue associated with grant arrangements is based on a cost-based reimbursement model that recognizes revenue over time as we perform work under the grants and incur qualifying research and development costs.

We have completed research and development services under the grant agreements and do not expect to recognize any revenue during 2023, 2024.

Operating Expenses

Research and Development Expenses

Research and development expenses represent costs incurred in connection with the discovery, research, preclinical and clinical development, and manufacture of our product candidates. We recognize all research and development costs as they are incurred.

Research and development expenses consist primarily of the following:

- salaries, bonuses, benefits, stock-based compensation, research and consulting arrangements and other related costs for individuals involved in research and development activities;
- external clinical trial costs to enroll clinical sites and patients to conduct phase 1 clinical trials;
- external research and development expenses incurred under agreements with contract research organizations, investigative sites and other scientific development services;
- costs incurred under agreements with contracted research and manufacturing organizations for developing and manufacturing materials for preclinical studies, clinical trials and laboratory supplies;
- licensing agreements and associated costs;
- costs related to compliance with regulatory requirements;
- facilities and other allocated expenses for rent and insurance; and
- other expenses incurred to advance research and development activities including manufacturing costs associated with production scale up, testing and optimization of methods associated with the production of materials.

The largest component of our operating expenses has historically been our investment in research and development activities. We expect our research and development expenses will increase in the future as we advance our product candidates into and through clinical trials and pursue regulatory approvals, which will require a significant investment in costs of clinical trials, regulatory support and contract manufacturing. In addition, we continue to evaluate opportunities to acquire or in-license other product candidates and technologies, which may result in higher research and development expenses due to license fee and/or milestone payments, as well as added clinical development costs.

As we are working on multiple research and development programs at any one time, we track our external expenses by the stage of program, clinical or preclinical. However, our internal expenses, including unallocated costs, personnel costs and infrastructure costs, are not directly related to any one program and are deployed across multiple programs. As such, we do not track internal expenses on a specific program basis.

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The process of conducting clinical trials necessary to obtain regulatory approval is costly and time consuming. We may never succeed in timely developing and achieving regulatory approval for our product candidates. The probability of success of our product candidates may be affected by numerous factors, including clinical data, competition, manufacturing capability and commercial viability. As a result, we are unable to determine the duration and completion costs of our development projects or when and to what extent we will generate revenue from the commercialization and sale of any of our future product candidates.

General and Administrative Expenses

General and administrative expenses consist primarily of employee-related expenses, including salaries, benefits and stock-based compensation for personnel in executive, finance and accounting, and other administrative functions, as well as fees paid for legal,

accounting and tax services, consulting fees and facilities costs not otherwise included in research and development expenses. Legal costs include general corporate legal fees and patent costs. We expect also incur expenses to incur additional expenses as a result of operating operate as a public company, including expenses related to compliance with the rules and regulations of the

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SEC and Nasdaq, additional insurance, investor relations and other administrative expenses and professional services. Subject to receiving adequate funding, we expect our general and administrative expenses to be lower in 2024 as a result of the corporate restructuring announced in February 2024.

Other (Expense) Income

Interest Income

Interest income consists of interest earned on short-term money market accounts.

Interest Expense

Interest expense consists of interest charged on outstanding borrowings associated with our debt arrangements primarily consisting of invoices and outstanding borrowings under several notes payable agreements.

Change in Fair Value Measurement of Other Asset Rights from Private Placement

Change in fair value of other asset relates to the remeasurement of the rights from Private Placement that we determined was a derivative, which requires the asset to be accounted for at fair value. Until settlement, this other asset the rights from Private Placement is remeasured at fair value at each reporting period with the changes in fair value recorded in the statement of operations. As of March 31, 2024, the rights from Private Placement was deemed to have no value, as the second closing of the Private Placement was not expected to occur, and therefore the rights from Private Placement was written off and recorded in the statement of operations.

Change in Fair Value Measurement of Notes Payable

Change in fair value of notes payable relates to the remeasurement of the notes payable that we elected to account for under the fair value option. Until settlement, these notes payable are remeasured at fair value at each reporting period with the changes in fair value recorded in the statement of operations.

(Loss) Gain on Extinguishments of Debt, Net

(Loss) gain on extinguishments of debt, net consists of the (loss) gain upon settlement of our notes payable and other debt.

Other (Expense) Income, Net

Other (expense) income, net consists of interest income and other items that are of a non-recurring nature and primarily relate to items that are immaterial.

Net (Loss) Income Attributable to Noncontrolling Interest

Net (loss) income attributable to noncontrolling interest reflects investors' share of net (loss) income in our majority owned subsidiaries. subsidiary.

Results of Operations

Comparison of the three and nine months ended September 30, 2023 March 31, 2024 to the three and nine months ended September 30, 2022 March 31, 2023

The following table summarizes our results of operations for the periods presented:

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	Three Months Ended			Nine Months Ended		
	September 30,		Change	September 30,		Change
2023	2022	2023		2022		
	(in thousands)			(in thousands)		
Revenues:						
Collaboration revenues	\$ —	\$ —	\$ —	\$ 442	\$ —	\$ 442
Licensing revenues	—	—	—	5,000	965	4,035
Grant revenues	—	200	(200)	—	501	(501)
Total revenues	—	200	(200)	5,442	1,466	3,976
Operating expenses:						
Research and development	1,909	2,605	(696)	7,462	10,507	(3,045)
General and administrative	2,077	2,046	31	9,432	5,480	3,952
Total operating expenses	3,986	4,651	(665)	16,894	15,987	907
Loss from operations	(3,986)	(4,451)	465	(11,452)	(14,521)	3,069

Other (expense) income:						
Interest expense	(21)	(559)	538	(65)	(1,699)	1,634
Change in fair value of other asset	(1,401)	—	(1,401)	(180)	—	(180)
Change in fair value of measurement of notes payable	(4)	(418)	414	(17)	(542)	525
Gain on extinguishments of debt expense	—	(236)	236	—	259	(259)
Other income (expense), net	101	(3)	104	298	(17)	315
Total other (expense) income, net	(1,325)	(1,216)	(109)	36	(1,999)	2,035
Net income (loss)	(5,311)	(5,667)	356	(11,416)	(16,520)	5,104
Net income (loss) attributable to noncontrolling interest	69	(82)	151	29	(81)	110
Net income (loss) attributable to Kineta, Inc.	\$ (5,380)	\$ (5,585)	\$ 205	\$ (11,445)	\$ (16,439)	\$ 4,994

	Three Months Ended March 31,		
	2024	2023	Change
	(in thousands)		
Revenues:			
Collaboration revenues	\$ —	\$ 281	\$ (281)
Total revenues	—	281	(281)
Operating expenses:			
Research and development	2,726	2,843	(117)
General and administrative	3,680	3,924	(244)
Total operating expenses	6,406	6,767	(361)
Loss from operations	(6,406)	(6,486)	80
Other (expense) income:			
Interest income	48	54	(6)
Interest expense	(42)	(23)	(19)
Change in fair value of rights from Private Placement	(3,832)	—	(3,832)
Change in fair value of measurement of notes payable	(9)	(6)	(3)
Other income (expense), net	(8)	(19)	11
Total other (expense) income, net	(3,843)	6	(3,849)
Net loss	(10,249)	(6,480)	(3,769)
Net income (loss) attributable to noncontrolling interest	(11)	(29)	18
Net loss attributable to Kineta, Inc.	\$ (10,238)	\$ (6,451)	\$ (3,787)

Revenues

Collaboration revenues were zero for the three months ended **September 30, 2023** **March 31, 2024** and **zero \$281,000** for the three months ended **September 30, 2022** **March 31, 2023** as a result of research services provided under the Merck Neuromuscular License Agreement pursuant to which the Company became a successor in interest in connection with the Merger. **Collaboration revenues were \$442,000 for the nine months ended September 30, 2023 and zero for the nine months ended September 30, 2022.** Upon completion of the Merger, we had \$442,000 in deferred revenue under the Merck Neuromuscular License Agreement. As of **September 30, 2023** **December 31, 2023**, we have completed the project services and had zero in deferred revenue under the Merck Neuromuscular License Agreement.

Licensing revenues were zero for the three months ended September 30, 2023 and zero for the three months ended September 30, 2022 and were \$5.0 million for the nine months ended September 30, 2023 and \$965,000 for the nine months ended September 30, 2022. The licensing revenues **We do not expect to earn any revenue from this license** **in 2023** were due to the achievement of a development milestone pursuant to the Merck Neuromuscular License Agreement and the licensing revenues in 2022 were due to research and development services from the Genentech Agreement, which was terminated in December 2022.

Grant revenues were zero for the three months ended September 30, 2023 and \$200,000 for the three months ended September 30, 2022 and were zero for the nine months ended September 30, 2023 and \$501,000 for the nine months ended September 30, 2022. The grant revenues in 2022 were due to services provided under a grant that was concluded in December 2022.

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2024 or 2025.

Research and Development Expenses

The following table summarizes our research and development expenses by program and category for the periods presented:

	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023			Three Months Ended March 31, 2024		
	2023	2022	Change	2023	2022	Change	2024	2023	Change
	(in thousands)			(in thousands)			(in thousands)		
Direct external program expenses:									

KVA12						(
123	1,		4	4,		4					
progra	30	83	7	73	5,2	7					
m	\$ 1	\$ 1	\$ 0	\$ 2	\$ 07	\$ 5)	\$	1,838	\$	1,784	\$ 54
ALS											
target						3					
progra			2	30		0					
m	25	—	5	7	—	7					
CD27						(
progra			(2					
m		14	6	24	51	6					
	83	9	6)	5	1	6)	430		271		159
KCP-			((
506			2			4					
progra	(8	13	1		44	1					
m	0)	0	0)	31	1	0)	23		104		(81)
Other			((
progra			1			3					
ms		13	3		31	1					
	—	3	3)	—	1	1)					
Internal											
and											
unallocate											
d											
expenses:											
Person						(
nel-						1					
related			(,					
costs		1,	7	1,		9					
	31	09	7	24	3,1	0					
	8	3	5)	0	48	8)	348		349		(1)
Facilitie											
s and											
related	20	21	(75	64	0					
costs	9	6	7)	3	4	9	40		300		(260)
Other						(
costs				15	24	9					
	53	53	0	4	5	1)	47		35		12

were expensed to general and administrative once we ceased using our laboratory space in 2023. Subject to receiving adequate funding, we expect our general and administrative expenses increased by \$4.0 million, or 72%, to \$9.4 million for the nine months ended September 30, 2023 from \$5.5 million for the nine months ended September 30, 2022. The increase was primarily decrease in 2024 due to increases in personnel costs of \$3.2 million, professional services of \$0.4 million lower administrative headcount and other administrative costs of \$0.4 million. Personnel costs increased due to increased headcount to support public company responsibilities, including stock-based compensation, which increased due to additional options granted during 2023 and from RSUs with performance conditions contingent upon the closing of the Merger, which were not met until December 2022. Professional services increased due to higher legal, audit and consulting costs from operating as a public company. Other administrative expenses increased primarily due to public company directors and officers insurance premiums. lower facility costs.

Other Income and expense, net

Interest Expense Income

Interest expense decreased by \$538,000, or 96%, to \$21,000 income was \$48,000 for the three months ended September 30, 2023 from \$559,000 March 31, 2024 and \$54,000 for the three months ended September 30, 2022. Interest expense March 31, 2023 and decreased by \$1.6 million, or 96%, to \$65,000 for the nine months ended September 30, 2023 from \$1.7 million for the nine months ended September 30, 2022. \$6,000. Interest expense income decreased due to a significantly lower balance of notes balances in 2023 as the majority of notes were converted to equity interest-bearing accounts in December 2022. 2024.

Interest Expense

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Interest expense was \$42,000 for the three months ended March 31, 2024 and \$23,000 for the three months ended March 31, 2023 and increased by \$19,000. Interest expense increased primarily due to interest on an outstanding vendor invoice.

Change in Fair Value Measurement of Other Asset Private Placement

Change in fair value of other asset was a loss of \$1.4 million \$3.8 million for the three months ended September 30, 2023 March 31, 2024 and a loss of \$180,000 zero for the nine three months ended September 30, 2023 March 31, 2023. There was no change in We determined the fair value of the rights from private placement to be zero as the second closing of the Private Placement during 2022. did not occur. As a result, we wrote off the balance of the rights from Private Placement.

Change in Fair Value Measurement of Notes Payable

Change in fair value of notes payable was a loss of \$4,000 \$9,000 for the three months ended September 30, 2023 March 31, 2024 and was a loss of \$418,000 \$6,000 for the three months ended September 30, 2022 March 31, 2023. Change in fair value of notes payable was a loss of \$17,000 for the nine months ended September 30, 2023 and was a loss of \$542,000 for the nine months ended September 30, 2022. The fluctuations in 2023 were not significant due to a significantly lower balance of notes in 2023 as the majority of notes were converted to equity in December 2022.

Gain/loss on Extinguishments of Debt

Loss on extinguishments of debt was zero for the three months ended September 30, 2023 and \$236,000 for the three months ended September 30, 2022 due to the settlement of notes payable accounted for under the fair value election. Gain on extinguishments of debt was zero for the nine months ended September 30, 2023 and \$259,000 for the nine months ended September 30, 2022. There have been no settlement of notes payable during the three and nine months ended September 30, 2023 as the majority of notes were converted to equity in December 2022.

Liquidity Going Concern and Capital Resources

Exploring Strategic Alternatives

We require substantial additional capital to sustain our operations and pursue our growth strategy, including the development of our product candidates. We are exploring strategic alternatives that may include, but are not limited to, sale of assets of the Company, a sale of the Company, licensing of assets, a merger, liquidation or other strategic action. If a strategic process is unsuccessful, the Board may decide to pursue a liquidation or obtain relief under the US Bankruptcy Code. These factors raise substantial doubt about our ability to continue as a going concern.

Sources of Liquidity

Since our inception through September 30, 2023 March 31, 2024, our operations have been financed primarily by net cash proceeds from the sale and issuance of our common stock and borrowings under notes payable. We have also received upfront and milestone payments from our license agreements. As of September 30, 2023 March 31, 2024, we had \$7.6 million \$1.8 million in cash and an accumulated deficit of \$163.1 million \$176.0 million. We Subject to receiving adequate funding, we expect that our operating expenses will increase, and, as a result, anticipate that we will continue to incur increasing losses for the foreseeable future. Therefore, we will need to raise additional capital to fund our operations, which may be through the issuance of additional equity or through borrowings.

On April 20, 2023, we entered into the April 2023 Purchase Agreement with the April 2023 Investor, pursuant to which we issued and sold, in the April 2023 Registered Offering, (i) an aggregate of 948,000 shares of our common stock, at a purchase price of \$4.21 per share and (ii) April 2023 Pre-Funded Warrants exercisable for up to 477,179 shares of our common stock to the April 2023 Investor at a purchase price of \$4.209 per April 2023 Pre-Funded Warrant, for aggregate gross proceeds from the April 2023 Registered Offering of approximately \$6.0 million before deducting the placement agent fee (as described in greater detail below) and related offering expenses.

Each April 2023 Pre-Funded Warrant represents the right to purchase one share of our common stock at an exercise price of \$0.001 per share. The April 2023 Pre-Funded Warrants are exercisable immediately and may be exercised at any time until the April 2023 Pre-Funded Warrants are exercised in full.

In the April 2023 Private Placement, we issued to the April 2023 Investor the April 2023 Common Warrants to purchase up to 1,425,179 shares of common stock at an exercise price of \$4.08 per share. The April 2023 Common Warrants are exercisable immediately and will expire five and one-half years from the initial exercise date.

In connection with the April 2023 Offering, we entered into an engagement letter with Wainwright, pursuant to which Wainwright agreed to serve as the exclusive placement agent for the issuance and sale of our securities pursuant to the April 2023 Purchase Agreement. As compensation for such placement agent services, we paid Wainwright an aggregate cash fee equal to \$420,000, a non-accountable expense of \$35,000 and \$50,000 for legal and other expenses as actually incurred. The total offering-related fees were approximately \$520,000, which resulted in net proceeds to us of \$5.5 million. On April 24, 2023, we also issued to Wainwright or its designees the April 2023 Wainwright Warrants to purchase 71,259 shares of common stock. The April 2023 Wainwright Warrants have a term of five years from the commencement of sales in the April 2023 Offering, and have an exercise price of \$5.2625 per share.

On October 3, 2023, we entered into the October 2023 Purchase Agreement with the October 2023 Investor pursuant to which the Company issued and sold, in the October 2023 Registered Offering, (i) an aggregate of 110,000 shares of our common stock at a purchase price of \$3.37 per share, and (ii) October 2023 Pre-Funded Warrants exercisable for up to 780,208 shares of our common stock to the October 2023 Investor at a purchase price of \$3.369 per October 2023 Pre-Funded Warrant, for aggregate gross proceeds from the October 2023 Registered Offering of approximately \$3.0 million before deducting the placement agent fee (as described in greater detail below) and related offering expenses.

Each October 2023 Pre-Funded Warrant represents the right to purchase one share of common stock at an exercise price of \$0.001 per share. The October 2023 Pre-Funded Warrants are exercisable immediately and may be exercised at any time until the October 2023 Pre-Funded Warrants are exercised in full.

In the October 2023 Private Placement we issued to the October 2023 Investor the October 2023 Common Warrants to purchase up to 890,208 shares of common stock at an exercise price of \$3.25 per share. The October 2023 Common Warrants are exercisable immediately and will expire five and one-half years from the initial exercise date.

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In connection with the October 2023 Offering, we entered into an engagement letter with Wainwright, pursuant to which Wainwright agreed to serve as the exclusive placement agent for the issuance and sale of our securities pursuant to the October 2023 Purchase Agreement. As compensation for such placement agent services, we paid Wainwright an aggregate cash fee equal to \$210,000, a non-accountable expense of \$35,000 and \$50,000 for legal and other expenses as actually incurred. The total offering-related fees were approximately \$310,000, which resulted in net proceeds to us of \$2.7 million. On October 5, 2023, the Company also issued to Wainwright or its designees the October 2023 Wainwright Warrants to purchase 44,510 shares of common stock. The October 2023 Wainwright Warrants have a term of five years from the commencement of sales in the October 2023 Offering, and have an exercise price of \$4.2125 per share.

Future Funding Requirements

Our revenues to date have been primarily derived from our collaboration, research and license agreements as well as grants awarded by government agencies. We, however, have not generated any revenue from product sales, and do not know when, or if, we will generate any revenue from product sales. We do not expect to generate any revenue from product sales unless and until we obtain regulatory approval of and commercialize any of our product candidates. At the same time, we expect our expenses to increase in connection with our ongoing

development activities, particularly as we continue the research, development and clinical trials of, and seeks regulatory approval for, our product candidates. In addition, subject to obtaining regulatory approval of any of our product candidates, we anticipate that we will need substantial additional funding in connection with our continuing operations. We plan to continue to fund our operations and capital requirements through equity and/or debt financing, but there are no assurances that we will be able to raise sufficient amounts of funding in the future on acceptable terms, or at all.

Our future funding requirements will depend on many factors, including:

- the progress, timing, scope, results and costs of the clinical trials of VISTA and preclinical studies or clinical trials of other potential product candidates we may choose to pursue in the future, including the ability to enroll patients in a timely manner for our clinical trials;
- the costs and timing of obtaining clinical and commercial supplies and validating the commercial manufacturing process for VISTA and any other product candidates we may identify and develop;

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- the cost, timing and outcomes of regulatory approvals;
 - the timing and amount of any milestone, royalty or other payments we are required to make pursuant to current or any future collaboration or license agreements;
 - costs of acquiring or in-licensing other product candidates and technologies;
 - the terms and timing of establishing and maintaining collaborations, licenses and other similar arrangements;
 - the costs associated with attracting, hiring and retaining existing and additional qualified personnel as our business grows;
 - efforts to enhance operational systems and hire additional personnel to satisfy our obligations as a public company, including enhanced internal controls over financial reporting; and
 - the cost of preparing, filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights.

As of September 30, 2023 March 31, 2024, we had cash of \$7.6 million. Our \$1.8 million, and there is substantial doubt about our ability to continue as a going concern. Based on our current capital resources as of September 30, 2023, together with the \$2.7 million net proceeds received in October 2023 from the registered direct offering plus the committed proceeds of \$22.5 million pursuant to the second closing of the Private Placement, will be operating plans, we do not have sufficient cash and cash equivalents to fund our operating expenses and capital expenditure requirements into early 2025. expenditures for at least the next 12 months from the filing date of this Quarterly Report on Form 10-Q.

However, until we can generate We are exploring strategic alternatives that may include, but are not limited to, sale of assets of the Company, a sufficient amount sale of product revenue to finance our cash requirements, we expect to finance our future cash needs primarily through the issuance Company, licensing of additional equity, borrowings and strategic alliances with partner companies. To the extent that we raise additional capital through the issuance of additional equity or convertible debt securities, the ownership interest of our

shareholders will be diluted, and the terms of these securities may include assets, a merger, liquidation or other preferences that adversely affect the rights of existing shareholders. Debt financing, if available, strategic action.

We 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 marketing and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise seek additional funds through equity or debt financings or through collaborations, licensing transactions or other sources that may be identified through our strategic process. However, there can be no assurance that we will be able to complete any such transactions on acceptable terms or otherwise. The failure to obtain sufficient funds on commercially acceptable terms when needed we may be required would have a material adverse effect on our business, results of operations, and financial condition. These factors raise substantial doubt about our ability to delay, limit, reduce or terminate our product development or commercialization efforts or grant rights to develop and market product candidates to third parties that we would otherwise prefer to develop and market ourselves. continue as a going concern.

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We do not currently have any commitments for future funding or additional capital. As noted above, the investors failed to fulfill their contractual obligation to consummate the Private Placement. We are pursuing litigation or seeking other settlements against the investors for the failure to fund. Due to the lack of commitments for future funding or additional capital, we have paused or significantly scaled back the development or commercialization of our future product candidates or other research and development initiatives. If we are unable to complete a strategic transaction or raise additional capital in sufficient amounts, we will not be able to continue our business and we may need to file for bankruptcy protection.

Cash Flows

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

	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2024	2023
	(in thousands)		(in thousands)	
Net cash provided by (used in):				
Operating activities	\$ (12,134)	\$ (11,536)	\$ (4,011)	\$ (4,940)
Investing activities	331	(15)	—	285
Financing activities	6,222	3,217	1	750
Net change in cash and cash equivalents	\$ (5,581)	\$ (8,334)	\$ (4,010)	\$ (3,905)

Operating Activities

Cash used in operating activities for the nine three months ended September 30, 2023 March 31, 2024 was \$12.1 million \$4.0 million, consisting of a net loss of \$11.4 million \$10.2 million, partially offset by noncash charges of \$5.0 million and a change in other net operating assets and liabilities of \$4.9 million, partially offset by \$1.3 million. The noncash charges primarily consisted of \$4.2 million, a \$3.8 million change in fair value of rights from Private Placement, \$477,000 in stock-based compensation, \$469,000 in common stock issued for services and \$199,000 noncash operating lease expense. Our change in net operating assets and liabilities primarily resulted from decreases an increase in accounts payable of \$2.3 million, and accrued expenses and other current liabilities of \$1.7 million, deferred revenue of \$0.4 million, operating lease liability of \$0.6 million and prepaid expenses and other current assets of \$0.2 million. The noncash charges primarily consisted of \$3.4 million \$193,000, partially offset by a decrease in stock-based compensation and \$0.5 million noncash operating lease expense and a \$0.2 million change in fair value liability of other asset. \$228,000.

Cash used in operating activities for the nine three months ended September 30, 2022 March 31, 2023 was \$11.5 million \$4.9 million, consisting of a net loss of \$16.5 million \$6.5 million, partially offset by noncash charges of \$1.2 million and a change in other net operating assets and liabilities of \$2.5 million and \$0.4 million. The noncash charges primarily consisted of \$2.4 million, \$1.1 million in stock-based compensation and \$0.2 million noncash operating lease expense, partially offset by a \$0.1 million gain on disposal of fixed assets. Our change in net operating assets and liabilities primarily resulted from a \$6.1 million \$3.2 million increase in accounts payable, and partially offset by a \$2.5 million reduction in accrued expenses and other current liabilities, mainly due to increased costs associated with our KVA12123 program a \$0.2 million decrease in operating lease liability and the Merger as well as the timing of payments, partially offset by a \$2.0 million increase in prepaid expenses and other current assets mainly due to the capitalization of direct costs related to the asset acquisition of Yumanity, a \$1.0 million \$0.3 million decrease in deferred revenue mainly due to ongoing research and development services provided by us related to recognition of collaboration revenue in connection with the Phase 1 clinical trial under our license agreement with Genentech and a \$0.5 million decrease in operating lease liability. The noncash charges primarily consisted of \$1.5 million in stock-based compensation, \$0.5 million noncash operating lease expense and \$0.5 million in change in fair value measurement of notes payable, partially offset by a \$0.3 million gain on debt extinguishment driven by our settlement of notes payable accounted for under the fair value election. Merck Collaboration Agreement.

Investing Activities

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Cash provided by investing activities was zero for the nine three months ended September 30, 2023 was \$0.3 million, March 31, 2024 and \$285,000 for the three months ended March 31, 2023 consisting primarily of cash received from the sale of certain property and equipment. Cash used in investing activities for the nine months ended September 30, 2022 was insignificant.

Financing Activities

Cash provided by financing activities for the nine three months ended September 30, 2023 March 31, 2024 was \$6.2 million insignificant and was \$750,000 for the three months ended March 31, 2023, primarily related to net proceeds of \$5.5 million from the Registered Offering and \$0.8 million from the issuance of our common stock to investors pursuant to the Sales Agreement. Open Market Sale AgreementSM, dated February 10, 2023, by and between the Company and Jefferies LLC.

Cash provided by financing activities for the nine months ended September 30, 2022 was \$3.2 million, primarily related to \$5.6 million in proceeds from the issuance of notes payable and \$1.6 million in proceeds from the issuance of our common stock, offset by \$4.0 million in payments of notes payable.

Debt Obligations

Notes Payable

As of September 30, 2023 March 31, 2024, we had outstanding notes payable in an aggregate principal amount of \$779,000 at interest rates that range from 3.75% to 6%, of which \$615,000 \$629,000 is due within the next 12 months. The principal amount of each note payable is due at a specified periodic repayment date and/or at maturity, with such dates ranging from June 2024 to on or after September 2050.

See Note 5 to our consolidated financial statements included in this Quarterly Report for additional information regarding our notes payable.

Other Contractual Obligations and Commitments

Our cash requirements greater than 12 months are related to other contractual obligations and commitments related to license agreements and leases.

We have entered into a number of strategic license agreements pursuant to which we have acquired rights to specific assets, technology and intellectual property. In accordance with these agreements, we are obligated to pay, among other items, future contingent payments that are dependent upon future events such as our achievement of certain development, regulatory and commercial milestones royalties, and sublicensing

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revenue in the future, as applicable. As of September 30, 2023 March 31, 2024, the timing and likelihood of achieving the milestones and generating future product sales, and therefore payments that may become payable to these third parties, are uncertain.

We lease office and laboratory space for our corporate headquarters in Seattle, Washington under a lease agreement that expires in July 2024. As of September 30, 2023 March 31, 2024, undiscounted future minimum lease payments of \$796,000 \$323,000 remain pursuant to the lease agreement.

We have entered into an engagement letter with an investment bank whereby we may be obligated to pay certain fees for financings and investment related transaction costs. This engagement letter expires on May 22, 2024.

In addition, we enter into agreements in the normal course of business with various third parties for preclinical research studies, clinical trials, testing and other research and development services. Such agreements generally provide for termination upon notice, although obligate us to reimburse vendors for any time or costs incurred through the date of termination.

Critical Accounting Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses, and related disclosures. Our estimates are based on historical experience and on various assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of expenses that are not readily apparent from other sources. Actual results may differ materially from these estimates. Our critical accounting estimates used in the preparation of our financial statements for the three and nine months ended September 30, 2023 March 31, 2024 were consistent with those in Part II, Item 7 of our Annual Report on Form 10-K.

We believe that the accounting principles used in the preparation of our financial statements for the three and nine months ended September 30, 2023 were consistent with those in Part II, Item 7 of our Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company, as defined in Rule 12b-2 under the Exchange Act, for this reporting period and are not required to provide the information required under this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Prior to completion of the Merger, we were a private company and had limited accounting and financial reporting personnel and other resources with which to address our internal controls and related procedures. In connection with the audit of our financial statements for the years year ended December 31, 2022 and 2021, our management and our independent registered public accounting firm identified material weaknesses in our internal control over financial reporting. In connection with the review of our financial statements for the three six months ended June 30, 2023, our management and our independent

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registered public accounting firm identified a material weakness weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting as defined under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and by the Public Company Accounting Oversight Board (United States), such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness weaknesses for the three months year ended June 30, 2023 relates December 31, 2023

relate to accounting for complex financial instruments related to the derivative asset, asset, accounting for offering costs and accounting for allocated facilities costs. The material weakness for the year ended December 31, 2022 relates to accounting for complex financial instruments related to warrants issued to certain existing stockholders. The material weaknesses for the year ended December 31, 2021 relate to segregation of duties in finance and internal technical resources for complex transactions. The material weaknesses are still present and have not been remediated.

Our management, with the participation of our Chief Executive Officer President and 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 fiscal quarter ended September 30, 2023 March 31, 2024. Based on this evaluation and for the reasons set forth above, our Chief Executive Officer President and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of September 30, 2023 March 31, 2024.

We are in the process of implementing measures designed to improve our internal control over financial reporting to remediate the material weaknesses. For example, we began to address the material weaknesses by implementing certain Sarbanes-Oxley controls during the first half of 2022. In October 2022, we hired a Chief Financial Officer to enhance internal controls and address the material weaknesses and other control deficiencies identified during the 2021 audit of the financial statements. We have designed and implemented improved processes and internal controls, including ongoing senior management review and audit committee oversight. We have also implemented and upgraded accounting and reporting systems to improve accounting and financial reporting processes. Additionally, we have enhanced, developed and implemented formal policies, processes and documentation procedures relating to our financial reporting, processes, including the oversight of third-party service providers. Our actions are subject to ongoing executive management review and will also be subject to audit committee oversight.

Notwithstanding the material weaknesses in internal control over financial reporting described above, our management has concluded that our consolidated financial statements included in this Quarterly Report on Form 10-Q are fairly stated in all material respects in accordance with accounting principles generally accepted in the United States of America.

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Changes in Internal Control over Financial Reporting

Except as disclosed above, there has been no change in our internal control over financial reporting that occurred during the third first quarter of 2023 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over current or future financial reporting.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On March 20, 2024, Kineta filed a complaint in the Court of Chancery of the State of Delaware against Growth & Value Development Inc. ("GVDI"), alleging breach of contract in connection with GVDI's recent repudiation of its obligation to provide a substantial tranche of funding for Kineta as required under the Securities Purchase Agreement. The complaint provides that Kineta will seek specific performance of GVDI's obligations under the Securities Purchase Agreement and damages equal to the amount of the unpaid funding and any damages resulting from GVDI's breach.

Except as disclosed in the preceding paragraph, Kineta is currently not a party to any other material legal proceedings. From time to time, however, Kineta may be a party to litigation or subject to claims incident to the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, Kineta currently believes that the final outcome of these ordinary course matters will not have a material adverse effect on Kineta's business. Regardless of the outcome, litigation can have an adverse impact on Kineta because of defense and settlement costs, diversion of management resources and other factors. Kineta is currently not a party to any material legal proceedings.

Item 1A. Risk Factors.

Except as set forth below, there have been no material changes to our risk factors included in our 2022 2023 Annual Report on Form 10-K, as updated by our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2023 and June 30, 2023. 10-K. The following risk factor, together with the risks and uncertainties referenced above, should be considered carefully before making an investment decision. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

The second closing of the Private Placement may did not close as anticipated. anticipated, and Kineta currently does not have any commitments for future funding or additional capital.

As previously disclosed, we entered into the Securities Purchase Agreement with certain investors to sell shares of our common stock to such investors in the Private Placement. The first closing of the Private Placement occurred on December 16, 2022 and we issued 649,346 shares of our common stock and received net proceeds of \$7.4 million. The second closing of the Private Placement for an aggregate purchase price of \$22.5 million is was scheduled to occur on April 15, 2024. We may further amend, however, the Private Placement investors failed to close at a later date based on our funding needs. No assurance can be provided that fulfill their contractual obligation to fund and the second closing did not occur. Kineta does not have any commitments for future funding or additional capital. Kineta is pursuing litigation or seeking other settlements against the investors for the failure to fund. Due to the lack of commitments for future funding or additional capital, Kineta has paused or significantly scaled back the development or commercialization of its future

product candidates or other research and development initiatives. If Kineta is unable to complete a strategic transaction or raise additional capital in sufficient amounts, Kineta will not be able to continue its business and the Company may need to file for bankruptcy protection.

Kineta identified conditions and events that raise substantial doubt about its ability to continue as a going concern, Kineta needs substantial additional funding, and if Kineta is unable to raise capital when needed or on favorable terms, its business, financial condition, and results of operation could be materially and adversely affected.

Kineta may be forced to wind-down its operations if it is unable to consummate a strategic transaction and/or obtain sufficient funding.

As of March 31, 2024, Kineta had \$1.8 million in cash, and there is substantial doubt about its ability to continue as a going concern. Based on Kineta's current operating plans, Kineta does not have sufficient cash and cash equivalents to fund its operating expenses and capital expenditures for at least the next 12 months from the filing date of this Quarterly Report on Form 10-Q.

Kineta is exploring strategic alternatives that may include, but are not limited to, sale of assets of the Private Placement will occur as anticipated or at all. If we do not consummate the second closing Company, a sale of the Private Placement, it Company, licensing of assets, a merger, liquidation or other strategic action.

Kineta may seek additional funds through equity or debt financings or through collaborations, licensing transactions or other sources that may be identified through the Company's strategic process. However, there can be no assurance that Kineta will be able to complete any such transactions on acceptable terms or otherwise. The failure to obtain sufficient funds on commercially acceptable terms when needed would have a material adverse effect on our Kineta's business, financial condition and results of operations, operations, and financial condition. These factors raise substantial doubt about Kineta's ability to continue as a going concern.

Kineta does not currently have any commitments for future funding or additional capital. As noted above, the investors failed to fulfill their contractual obligation to consummate the Private Placement. The Company is pursuing litigation or seeking other settlements against the investors for the failure to fund. Due to the lack of commitments for future funding or additional capital, Kineta has paused or significantly scaled back the development or commercialization of its future product candidates or other research and development initiatives. If Kineta is unable to complete a strategic transaction or raise additional capital in sufficient amounts, Kineta will not be able to continue its business and the Company may need to file for bankruptcy protection.

We are currently not in compliance with Nasdaq's continued listing requirements. If we are unable to comply with Nasdaq's continued listing requirements, our common stock could be delisted, which could affect the price of our common stock and liquidity and reduce our ability to raise capital.

Our common stock is currently listed on The Nasdaq Capital Market. The Nasdaq Capital Market has established certain quantitative criteria and qualitative standards that companies must meet to remain listed for trading on this market.

On April 18, 2024, the Company received the Notice from the Listing Qualifications Department of Nasdaq stating that Kineta was not in compliance with Nasdaq Listing Rule 5550(b)(2) because Kineta did not maintain a minimum closing bid price of the Company's common stock of at least \$1.00 per share for the last 30 consecutive business days. The Notice has no immediate effect on the listing or trading of the Company's securities.

The Company has 180 calendar days from the date of the Notice, or until October 15, 2024, to regain compliance. If the Company is not deemed in compliance before the expiration of the 180 day compliance period, it will be afforded an additional 180 day compliance period, or until April 13, 2025, provided that on the 180th day of the first compliance period it meets the applicable market value of publicly held shares requirement for continued listing and all other applicable standards for initial listing on The Nasdaq Capital Market (except the bid price requirement) based on the Company's most recent public filings and market information and provides written notice to Nasdaq of its intention to cure this deficiency during the second compliance period.

The Company intends to monitor the bid price of the Company's listed securities and may, if appropriate, consider available options to regain compliance with the bid price requirement. There can be no assurance that the Company will be able to regain compliance with the bid price requirement.

Any delisting of our common stock could adversely affect the market liquidity of our common stock and the market price of our common stock could decrease. In addition, delisting of our common stock could result in the loss of confidence by investors and adversely affect our ability to raise capital on terms acceptable to us, or at all.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

During the three months ended March 31, 2024, none of our directors or officers informed us of the adoption, modification or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Regulation S-K, Item 408.

Item 6. Exhibits.

Exhibit Number	Description
2.1++	<u>Agreement and Plan of Merger, dated June 5, 2022, by and among the Company, Kineta Operating, Inc. and Yacht Merger Sub, Inc. (filed as Exhibit 2.2 to the Company's Current Report on Form 8-K (File No. 001-37695) as filed with the SEC on June 6, 2022 and incorporated herein by reference).</u>
2.2	<u>Form of Amendment No. 1 to the Agreement and Plan of Merger, dated as of December 5, 2022, by and among the Company, Kineta Operating, Inc. and Yacht Merger Sub, Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-37695) as filed with the SEC on December 5, 2022 and incorporated herein by reference).</u>
3.1	<u>Fifth Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-3 (File No. 333-228529) as filed with the SEC on November 23, 2018 and incorporated herein by reference).</u>
3.2	<u>Certificate of Amendment of Fifth Amended and Restated Certificate of Incorporation of the Company, dated December 22, 2020 (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-37695) as filed with the SEC on December 30, 2020 and incorporated herein by reference).</u>
3.3	<u>Certificate of Amendment of Fifth Amended and Restated Certificate of Incorporation of the Company, dated December 22, 2020 (filed as Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-37695) as filed with the SEC on December 30, 2020 and incorporated herein by reference).</u>
3.4	<u>Certificate of Amendment of Fifth Amended and Restated Certificate of Incorporation of the Company, dated December 16, 2022 (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-37695) as filed with the SEC on December 22, 2022 and incorporated herein by reference).</u>
3.5	<u>Certificate of Amendment of Fifth Amended and Restated Certificate of Incorporation of the Company, dated December 16, 2022 (filed as Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-37695) as filed with the SEC on December 22, 2022 and incorporated herein by reference).</u>
3.6	<u>Fourth Amended and Restated By-laws of the Company, dated December 16, 2022 (filed as Exhibit 3.3 to the Company's Current Report on Form 8-K (File No. 001-37695) as filed with the SEC on December 22, 2022 and incorporated herein by reference).</u>
4.1	<u>Form of Pre-Funded Warrant (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-37695) as filed with the SEC on October 5, 2023 and incorporated herein by reference).</u>
4.2	<u>Form of Common Warrant (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K (File No. 001-37695) as filed with the SEC on October 5, 2023 and incorporated herein by reference).</u>
4.3	<u>Form of Wainwright Warrant (filed as Exhibit 4.3 to the Company's Current Report on Form 8-K (File No. 001-37695) as filed with the SEC on October 5, 2023 and incorporated herein by reference).</u>
10.1	<u>Form of Amendment No. 5 to the Securities Purchase Agreement dated July 21, 2023, by and among the Company and each of the institutional investors named therein (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-37695) as filed with the SEC on July 21, 2023 and incorporated herein by reference).</u>

10.2	<u>Form of Securities Purchase Agreement, dated as of October 3, 2023 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-37695) as filed with the SEC on October 5, 2023 and incorporated herein by reference).</u>
10.3	<u>Form of Amendment No. 6 to the Securities Purchase Agreement dated October 13, 2023, by and among the Company and each of the institutional investors named therein (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-37695) as filed with the SEC on October 17, 2023 and incorporated herein by reference).</u>
31.1*	<u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1**	<u>Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

++ Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

SIGNATURES

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

Kineta, Inc.

Date: November 3, 2023 May 15, 2024

By: /s/ Shawn Iadonato Craig Philips

Shawn Iadonato, Ph.D. Craig Philips

Chief Executive Officer and Director President

(Principal Executive Officer)

Date: November 3, 2023 May 15, 2024

By: /s/ Keith A. Baker

Keith A. Baker

Chief Financial Officer

(Principal Financial Officer)

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Exhibit 31.1

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Shawn Iadonato, Craig Philips, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q of Kineta, 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 a material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be design 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 t preparation of financial statements for external purposes in accordance with generally accepted accounting principle
 - (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 b 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;
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control ove 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 repor which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financ information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2023 May 15, 2024

/s/ Shawn Iadonato Craig Philips

Shawn Iadonato Craig Philips

Chief Executive Officer President

(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Keith A. Baker, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q of Kineta, 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 a material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be design 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 principle
 - (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;
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 3, 2023** **May 15, 2024**

/s/ Keith A. Baker

Keith A. Baker
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Kineta, Inc. (the "Company") for the three months ended ~~September 30, 2023~~ March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: ~~November 3, 2023~~ May 15, 2024

/s/ ~~Shawn Iadonato~~ Craig Philips

~~Shawn Iadonato~~ Craig Philips
Chief Executive Officer President

Date: ~~November 3, 2023~~ May 15, 2024

/s/ Keith A. Baker

Keith A. Baker
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

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