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, 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 001-38787

CYCLERION THERAPEUTICS, INC.

(Exact Name of Registrant as Specified in its Charter)

Massachusetts	**83-1895370**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
245 First Street, 18th Floor, Cambridge, Massachusetts	**02142**
(Address of principal executive offices)	(Zip Code)

(857) 327-8778
Registrant's Telephone Number, Including Area Code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	CYCN	The Nasdaq Capital Market LLC

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

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

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☒

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

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

As of November 8, 2024, the registrant had 2,710,096 shares of common stock, no par value, outstanding.

CYCLERION PHARMACEUTICALS, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2024
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. All statements in this report, other than statements of historical facts, including statements about future events, financing plans, financial position, business strategy, budgets, projected costs, plans and objectives of management for future operations, are forward-looking statements that involve certain risks and uncertainties. Use of the words “may,” “might,” “will,” “would,” “could,” “should,” “believes,” “estimates,” “projects,” “potential,” “expects,” “plans,” “seeks,” “intends,” “aimed,” “evaluates,” “pursues,” “anticipates,” “continues,” “designs,” “impacts,” “affects,” “forecasts,” “target,” “outlook,” “initiative,” “objective,” “designed,” “priorities,” “goal” or the negative of those words or other similar expressions may identify forward-looking statements that represent our current judgment about possible future events, but the absence of these words does not necessarily mean that a statement is not forward-looking.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national, or global political, economic, business, competitive, market and regulatory conditions and the following:

- our plans with respect to the development and licensing of our current product candidates and potential future product candidates we may acquire or license and associated timing thereof, including the design and results of pre-clinical and clinical studies;
- there is substantial doubt regarding our ability to continue as a going concern;
- our ability to enter into collaboration or license agreements of our current product candidates and potential future product candidates;
- the timing, investment and associated activities involved in developing, obtaining regulatory approval for, launching and commercializing our current and potential future product candidates;
- the risks in our investment in Tisento tied to Tisento developing, obtaining regulatory approval for, launching and commercializing its product candidates;
- the uncertainty as to any liquidity or monetizable value of our equity interest in Tisento, which faces all the risks of an early-stage pharmaceutical development company;
- our relationships with third parties, collaborators and our employees; our ability to execute our strategic priorities;
- our ability to finance our operations and business initiatives;
- maintaining our Nasdaq listing;
- our ability to access capital, capabilities, and transactions necessary to advance the development of our current product candidates and potential future product candidates;
- whether any development, regulatory, and commercialization milestones or royalty payments provided for in the agreement with Akebia will be achieved;
- the impact on our business of workforce and expense reduction initiatives;
- the safety profile and related adverse events of our current and potential future product candidates;
- the efficacy and perceived therapeutic benefits of any potential future product candidates we may acquire or license, their potential indications and their market potential;
- U.S. and non-U.S. regulatory requirements, including any post-approval development and regulatory requirements, and the ability of our potential future product candidates to meet such requirements;

•our ability to obtain reimbursement from the U.S. government and third-party payors for potential future product candidates if and when commercialized;

•our ability to attract and retain employees needed to execute our business plans and strategies and our ability to manage the impact of any loss of key employees;

•our ability to obtain and maintain intellectual property protection for our current and potential future product candidates and the strength thereof;

•the risk that third parties may allege we infringe their intellectual property rights;

•our future financial performance, revenues, expense levels, payments, cash flows, profitability, tax obligations, capital raising and liquidity sources, and concentration of voting control, as well as the timing and drivers thereof, and internal control over financial reporting;

•trends and challenges in the markets for any potential product candidates;

•a determination that we constitute an investment company under the Investment Company Act of 1940, as amended, and if we are required to register thereunder, which could have a material adverse effect on us;

•our ability to compete with other companies that are or may be developing or selling products that are competitive with any potential future product candidates;

•the impact of any pandemic or natural disaster to disrupt our business, including our development activities; and

•the impact of government regulation in the life sciences industry, particularly with respect to healthcare reform.

See the “Risk Factors” section in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as filed with the Securities and Exchange Commission on March 5, 2024 for a further description of these and other factors. We caution you that the risks, uncertainties, and other factors referenced above may not contain all of the risks, uncertainties and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits, or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. There can be no assurance that (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors’ likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct or (iv) our strategy, which is based in part on this analysis, will be successful. All forward-looking statements in this report apply only as of the date of this report or as of the date they were made and, except as required by applicable law, we undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

Cyclerion Therapeutics, Inc.
Condensed Consolidated Balance Sheets
(In thousands except share and per share data)
(Unaudited)

	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,872	$ 7,571
Account receivable	44	—
Prepaid expenses	621	442
Other current assets	11	11
Total current assets	3,548	8,024
Other investment	5,350	5,350
Total assets	$ 8,898	$ 13,374
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 304	$ 1,198
Accrued research and development costs	72	90
Accrued expenses and other current liabilities	324	798
Total current liabilities	700	2,086
Commitments and contingencies (Note 8)	—	—
Stockholders' equity		
Preferred shares, no par value, 500,000 shares authorized and 351,037 series A convertible preferred stock issued and outstanding at September 30, 2024 and December 31, 2023	—	—
Common stock, no par value, 20,000,000 shares authorized at September 30, 2024 and December 31, 2023; 2,710,096 and 2,645,096 shares issued at September 30, 2024 and December 31, 2023, respectively; 2,530,898 and 2,474,159 shares outstanding at September 30, 2024 and December 31, 2023, respectively	—	—
Paid-in capital	276,220	275,717
Accumulated deficit	(268,022)	(264,417)
Accumulated other comprehensive loss	—	(12)
Total stockholders' equity	8,198	11,288
Total liabilities and stockholders' equity	$ 8,898	$ 13,374

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Option to license revenue	$ 194	$ —	$ 194	$ —
Total revenues	194	—	194	—
Cost and expenses:				
Research and development	81	580	230	1,491
General and administrative	1,241	2,131	4,094	6,361
Impairment loss	—	3,304	—	3,304
Total cost and expenses	1,322	6,015	4,324	11,156
Loss from operations	(1,128)	(6,015)	(4,130)	(11,156)
Other income, net				
Interest income	42	107	180	257
Gain from settlement of account payable	363	—	363	—
Total other income, net	405	107	543	257
Net loss from continuing operations	(723)	(5,908)	(3,587)	(10,899)
Discontinued operations:				
Gain from discontinued operations	—	13,474	—	7,330
Net gain (loss)	$ (723)	$ 7,566	$ (3,587)	$ (3,569)
Net gain (loss) per share - basic:				
Net loss per share from continuing operations - basic	$ (0.29)	$ (2.43)	$ (1.43)	$ (4.74)
Net gain (loss) per share from discontinued operations - basic	—	5.53	—	3.19
Basic net gain (loss) per share	$ (0.29)	$ 3.10	$ (1.43)	$ (1.55)
Net gain (loss) per share - basic and diluted				
Net loss per share from continuing operations	$ (0.29)	$ (2.12)	$ (1.43)	$ (4.74)
Net gain per share from discontinued operations	—	4.84	—	3.19
Diluted net gain (loss) per share	$ (0.29)	$ 2.72	$ (1.43)	$ (1.55)
Weighted average shares used in calculating:				
Basic shares	2,526	2,435	2,510	2,299
Diluted shares	2,526	2,786	2,510	2,299
Other comprehensive loss:				
Net gain (loss)	$ (723)	$ 7,566	$ (3,587)	$ (3,569)
Other comprehensive loss:				
Foreign currency translation adjustment gain (loss)	—	(2)	(6)	2
Comprehensive loss	$ (723)	$ 7,564	$ (3,593)	$ (3,567)

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

Cyclerion Therapeutics, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(In thousands except share data)
(Unaudited)

	Common Stock		Preferred Stock		Paid-in	Accumulated	Accumulated other comprehensive	Total Stockholders'
	Shares	Amount	Shares	Amount	capital	deficit	loss	equity
Balance at December 31, 2022	2,175,936	$ —	—	$ —	$ 269,626	$ (259,154)	$ (20)	$ 10,452
Net loss	—	—	—	—	—	(6,954)	—	(6,954)
Issuance of common stock upon exercise of stock options, RSUs and employee stock purchase plan	309	—	—	—	—	—	—	—
Share-based compensation expense related to issuance of stock options and RSUs and employee stock purchase plan	—	—	—	—	426	—	—	426
Foreign currency translation adjustment	—	—	—	—	—	—	1	1
Balance at March 31, 2023	2,176,245	$ —	—	$ —	$ 270,052	$ (266,108)	$ (19)	$ 3,925
Net loss	—	—	—	—	—	(4,181)	—	(4,181)
Issuance of common stock	225,000	—	—	—	1,953	—	—	1,953
Issuance of preferred shares	—	—	351,037	—	3,047	—	—	3,047
Issuance of common stock upon exercise of stock options, RSUs and employee stock purchase plan	6,618	—	—	—	24	—	—	24
Share-based compensation expense related to issuance of stock options and RSUs and employee stock purchase plan	—	—	—	—	379	—	—	379
Foreign currency translation adjustment	—	—	—	—	—	—	3	3
Fractional shares issuance	(67)	—	—	—	—	—	—	—
Balance at June 30, 2023	2,407,796	$ —	351,037	$ —	$ 275,455	$ (270,289)	$ (16)	$ 5,150
Net gain	—	—	—	—	—	7,566	—	7,566
Issuance of common stock upon vesting of RSUs	37,300	—	—	—	—	—	—	—
Share-based compensation expense related to issuance of stock options and RSUs and employee stock purchase plan	—	—	—	—	159	—	—	159
Foreign currency translation adjustment	—	—	—	—	—	—	(2)	(2)
Balance at September 30, 2023	2,445,096	$ —	351,037	$ —	$ 275,614	$ (262,723)	$ (18)	$ 12,873

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

	Common Stock		Preferred Stock		Paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total Stockholders' equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2023	2,474,159	$ —	351,037	$ —	$ 275,717	$ (264,417)	$ (12)	$ 11,288
Net loss	—	—	—	—	—	(1,542)	—	(1,542)
Vesting of restricted stock awards	25,442	—	—	—	—	—	—	—
Share-based compensation expense related to issuance of stock options and restricted stock awards	—	—	—	—	181	—	—	181
Foreign currency translation adjustment	—	—	—	—	—	—	(4)	(4)
Balance at March 31, 2024	2,499,601	$ —	351,037	$ —	$ 275,898	$ (265,959)	$ (16)	$ 9,923
Net loss	—	—	—	—	—	(1,322)	—	(1,322)
Vesting of restricted stock awards	16,273	—	—	—	—	—	—	—
Share-based compensation expense related to issuance of stock options and restricted stock awards	—	—	—	—	184	—	—	184
Foreign currency translation adjustment	—	—	—	—	—	—	(2)	(2)
Release of foreign currency translation adjustment upon liquidation of a subsidiary	—	—	—	—	—	(18)	18	—
Balance at June 30, 2024	2,515,874	$ —	351,037	$ —	$ 276,082	$ (267,299)	$ —	$ 8,783
Net loss	—	—	—	—	—	(723)	—	(723)
Vesting of restricted stock awards	15,024	—	—	—	—	—	—	—
Share-based compensation expense related to issuance of stock options and restricted stock awards	—	—	—	—	138	—	—	138
Foreign currency translation adjustment	—	—	—	—	—	—	—	—
Balance at September 30, 2024	2,530,898	$ —	351,037	$ —	$ 276,220	$ (268,022)	$ —	$ 8,198

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

Cyclerion Therapeutics, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (3,587)	$ (3,569)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on disposal of discontinued operations	—	(15,752)
Gain from settlement of account payable	(363)	—
Impairment loss	—	3,304
Share-based compensation expense	503	964
Changes in operating assets and liabilities:		
Account receivable	(44)	96
Prepaid expenses	(179)	79
Other current assets	—	140
Operating lease assets	—	107
Other assets	—	213
Accounts payable	(531)	(2,157)
Accrued research and development costs	(18)	(1,912)
Accrued expenses and other current liabilities	(474)	(1,217)
Net cash used in operating activities	(4,693)	(19,704)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net proceeds from disposal of discontinued operations	—	10,402
Net cash provided by investing activities	—	10,402
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from stock purchase agreement	—	5,000
Proceeds from exercises of stock options and ESPP	—	24
Net cash provided by financing activities	—	5,024
Effect of exchange rate changes on cash and cash equivalents	(6)	4
Net decrease in cash and cash equivalents	(4,699)	(4,274)
Cash and cash equivalents, beginning of period	7,571	13,382
Cash and cash equivalents, end of period	$ 2,872	$ 9,108
Supplemental cash flow disclosure:		
Non-cash gain on disposal of discontinued operations	$ —	$ 5,350

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

Cyclerion Therapeutics, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

1. Nature of Business

Nature of Operations

Cyclerion Therapeutics, Inc. (“Cyclerion”, the “Company” or “we”) became an independent public company on April 1, 2019 after Ironwood Pharmaceuticals, Inc., or Ironwood, completed a tax-free spin-off of its novel soluble guanylate cyclase ("sGC") business, which we refer to herein as the "Separation". Cyclerion has one employee as of September 30, 2024.

At inception, Cyclerion was a biopharmaceutical company focused on the treatment of serious diseases with sGC stimulators in both the central nervous system ("CNS") and the periphery. The nitric oxide ("NO") sGC cyclic guanosine monophosphate ("cGMP") signaling pathway is a fundamental mechanism that precisely controls key aspects of physiology throughout the body. The NO-sGC-cGMP pathway regulates diverse and critical biological functions in both the CNS and the periphery and has been successfully targeted with several drugs.

Praliciguat is an orally administered, once-daily systemic sGC stimulator. On June 3, 2021, Cyclerion entered into a license agreement (as defined below) with Akebia Therapeutics Inc. (“Akebia”) relating to the exclusive worldwide license to Akebia of the Company's rights to the development, manufacture, medical affairs and commercialization of pharmaceutical products containing praliciguat and other related products and forms thereof enumerated in such agreement. Cyclerion is eligible to receive up to $585 million in total potential future development, regulatory, and commercialization milestone payments. Cyclerion is also eligible to receive tiered, sales-based royalties ranging from single-digit to high-teen percentages and subject to reduction upon expiration of patent rights or the launch of a generic product.

Olinciguat is a Phase 2 orally administered, once-daily, vascular sGC stimulator that Cyclerion intends to out-license to an entity with strong cardiovascular and/or cardiopulmonary capabilities.

Zagociguat is a clinical-stage CNS-penetrant sGC stimulator that has shown rapid improvement in cerebral blood flow, functional brain connectivity, brain response to visual stimulus, cognitive performance, and biomarkers associated mitochondrial function and inflammation in clinical studies. CY3018 is a CNS-targeted sGC stimulator that preferentially localizes to the brain and has a pharmacology profile that suggests its potential for the treatment of neuropsychiatric diseases and disorders. On July 28, 2023, the Company sold zagociguat and CY3018 to Tisento Therapeutics, Inc. (“Tisento”), a newly formed private company focused on their development, in exchange for $8.0 million in cash consideration, $2.4 million as reimbursement for certain operating expenses related to zagociguat and CY3018 for the period between signing and closing of the transaction, and 10% of all of Tisento’s parent’s outstanding equity securities. See “Asset Purchase Agreement” and “Note 4” below.

Cyclerion is actively evaluating other activities aimed at enhancing shareholder value, which may potentially include collaborations, licenses, mergers, acquisitions and/or other targeted investments.

The Company has shifted its strategy to identify, non-sGC stimulator assets within the CNS therapeutic area to build a new portfolio. If the Company identifies and acquires or licenses suitable new assets, the Company will seek to develop the new assets and retain contract research, development and manufacturing organizations for these specific purposes. Additionally, Cyclerion plans to seek to raise funds for further research and development activities associated with any new assets. The Company’s goal is to find the best combination of capital, capabilities, and transactions that will enable the advancement of current and any future assets the Company may acquire for patients in a way that maximizes shareholder value.

Cyclerion GmbH, a wholly owned subsidiary, was incorporated in Zug, Switzerland on May 3, 2019. The functional currency is the Swiss franc. The liquidation process for Cyclerion GmbH has been concluded and the subsidiary was de-registered in May 2024.

Cyclerion Securities Corporation, a wholly owned subsidiary, was incorporated in Massachusetts on November 15, 2019 and was granted securities corporation status in Massachusetts for the 2019 tax year. Cyclerion Securities Corporation has no employees.

Stock Purchase Agreement

In March 2023, the Company entered into a stock purchase agreement with the Company's former Chief Executive Officer (the “Former CEO”) pursuant to which he invested $5 million in cash for 225,000 shares of common stock and 351,037 shares of Series A Convertible Preferred Stock of the Company at a price of $8.68 per share (after giving effect to the 1-for-20 reverse stock split the Company implemented on May 15, 2023). Such Series A Convertible Preferred Stock is convertible into shares of the Company's common stock on a one-to-one basis. The closing of the equity investment took place on May 19, 2023, and (to comply with Nasdaq listing requirements) the Company's shareholders approved such convertibility on July 19, 2023.

Asset Purchase Agreement

On May 11, 2023, the Company entered into an Asset Purchase Agreement (the “Asset Purchase Agreement”) with an investor group that included the Former CEO, JW Celtics Investment Corp and JW Cycle Inc. which subsequently changed their names to Tisento Therapeutics Holdings Inc. (“Tisento Parent”) and Tisento. Upon the closing on July 28, 2023, of the transactions contemplated by the Asset Purchase Agreement, the Company sold to Tisento specified assets relating to the Company’s zagociguat and CY3018 programs (the "Transferred Assets") and Tisento assumed certain liabilities relating thereto, including, but not limited to (i) liabilities, costs and expenses arising after the date of the Asset Purchase Agreement relating to the employment of certain Cyclerion employees and the conduct of certain preclinical and clinical trial activities prior to the closing of the transactions contemplated by the Asset Purchase Agreement, and (ii) liabilities relating to such assets to the extent relating to the period after the closing of the transaction. In consideration for such sale and assumption, at such closing the Company received proceeds of $8.0 million as cash consideration, $2.4 million as reimbursement for certain operating expenses related to such assets for the period between signing and closing of the Asset Purchase Agreement, and shares of common stock of Tisento Parent comprising 10% of the then issued and outstanding equity securities of Tisento Parent immediately following such closing, subject to certain protections against dilution.

Reverse Stock Split

On May 15, 2023, the Company filed Articles of Amendment to the Company's Restated Articles of Organization with the Secretary of Commonwealth of Massachusetts to effect a 1-for-20 reverse stock split of the Company's issued and outstanding shares of common stock. The reverse stock split was reflected on the Nasdaq Capital Market beginning with the opening of trading on May 16, 2023. All share amounts and per share amounts disclosed in this Quarterly Report on Form 10-Q have been adjusted retroactively to reflect the reverse stock split for all periods presented.

At-the-Market Offering

On July 24, 2020, the Company filed a Registration Statement on Form S-3 (the “Shelf”). On September 3, 2020, the Company entered into a Sales Agreement (the “Sales Agreement”) with Jefferies LLC (“Jefferies”) with respect to an at-the-market offering (the “ATM Offering”) under the Shelf. Under the ATM Offering, the Company could offer and sell, from time to time at its sole discretion, shares of its common stock, having an aggregate offering price of up to $50.0 million through Jefferies as its sales agent. The Company agreed to pay Jefferies cash commissions of 3.0 percent of the gross proceeds of sales of common stock which could be sold under the Sales Agreement. Prior to January 1, 2022, the Company sold 3,353,059 shares of its common stock for net proceeds of $12.5 million under the ATM Offering, since entering into the Sales Agreement. No shares of common stock have been issued or sold under the ATM Offering from January 1, 2022 to July 31, 2023. The Shelf expired in July 31, 2023. Due to the current market value of the Company's publicly traded common stock held by non-affiliates, the Company's ability to raise future funding though a shelf offering will be limited.

Basis of Presentation

The condensed consolidated financial statements and the related disclosures are unaudited and have been prepared in accordance with accounting principles generally accepted in the U.S. Additionally, certain information and footnote disclosures normally included in the Company's annual financial statements have been condensed or omitted. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, which was filed with the Securities and Exchange Commission on March 5, 2024.

In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all normal recurring adjustments considered necessary for a fair presentation of the Company's financial position and the results of its operations for the interim periods presented. The results of operations for the three and nine months ended September 30, 2024 and 2023 are not necessarily indicative of the results that may be expected for the full year or any other subsequent interim period.

The condensed consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries, Cyclerion GmbH (prior to its deregistration), and Cyclerion Securities Corporation. All significant intercompany accounts and transactions have been eliminated in the preparation of the accompanying condensed consolidated financial statements.

Going Concern

At each reporting period, in accordance with Accounting Standards Codification ("ASC") 205-40, Going Concern, the Company evaluates whether there are conditions or events that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. The Company's evaluation entails analyzing prospective operating budgets and forecasts for expectations of the Company's cash needs and comparing those needs to the current cash and cash equivalent balances. The Company is required to make certain additional disclosures if it concludes substantial doubt exists and it is not alleviated by the Company's plans or when its plans alleviate substantial doubt about the Company's ability to continue as a going concern.

This evaluation initially does not take into consideration the potential mitigating effect of management's plans that have not been fully implemented as of the date the financial statements are issued. When substantial doubt exists under this methodology, management evaluates whether the mitigating effect of its plans sufficiently alleviates substantial doubt about the Company's ability to continue as a going concern. The mitigating effect of management's plans, however, is only considered if both (1) it is probable that the plans will be effectively implemented within one year after the date that the financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that these condensed consolidated financial statements are issued. In performing its analysis, management excluded certain elements of its operating plan that cannot be considered probable. Under ASC 205-40, the future receipt of potential funding from future partnerships, license payments, equity or debt issuances, certain cost reduction measures and the achievement of potential milestone payments from Akebia cannot be considered probable at this time because these plans are not entirely within the Company's control and/or have not been approved by the Board of Directors as of the date of these condensed consolidated financial statements.

The Company expects that its cash and cash equivalents as of September 30, 2024, will be sufficient to fund operations through mid-2025, however the Company will need to obtain additional funding to sustain operations as it expects to continue to generate operating losses for the foreseeable future. The Company's expectation to generate negative operating cash flows in the future and the need for additional funding to support its planned operations, raise substantial doubt regarding the Company's ability to continue as a going concern. Management's plans to alleviate the conditions that raise substantial doubt include reduced spending, and the pursuit of additional capital. Management has concluded the likelihood that its plan to successfully obtain sufficient funding, or adequately reduce expenditures, while reasonably possible, is less than probable. Accordingly, the Company has concluded that substantial doubt exists about the Company's ability to continue as a going concern. The accompanying financial statements have been prepared on a going concern basis, which contemplates the

realization of assets and satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above.

2. Summary of Significant Accounting Policies

The accounting policies of the Company are set forth in Note 2. *Summary of Significant Accounting Policies* to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standard setting bodies that are adopted by the Company as of the specified effective date. Except as discussed elsewhere in the notes to the consolidated financial statements, the Company did not adopt any new accounting pronouncements during the nine months ended September 30, 2024 that had a material effect on its condensed consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires public entities to disclose information about their reportable segments' significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. ASU 2023-07 is effective for annual reporting periods beginning after December 15, 2023, and for interim reporting periods beginning January 1, 2025, with early adoption permitted. The Company is currently evaluating the impact that adoption of ASU 2023-07 will have on the Company's consolidated financial statement disclosures.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses. This standard requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. As a smaller reporting company, ASU 2016-13 will become effective for the Company for fiscal years beginning after December 15, 2022, and early adoption is permitted. The Company adopted ASU 2016-13 in the first quarter of 2023, and the adoption of this standard did not have any impact on the Company's financial position or results of operations.

No other accounting standards known by the Company to be applicable to it that have been issued by the FASB or other standard-setting bodies and that do not require adoption until a future date are expected to have a material impact on the Company's condensed consolidated financial statements upon adoption.

3. Fair Value of Financial Instruments

The Company's cash equivalents are generally classified within Level 1 of the fair value hierarchy. The following tables present information about the Company's financial assets measured at fair value on a recurring basis and indicate the level of the fair value hierarchy used to determine such fair values as of September 30, 2024 and December 31, 2023 (in thousands):

	Fair Value Measurements as of September 30, 2024:			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds	$ 2,793	$ —	$ —	$ 2,793
Cash equivalents	$ 2,793	$ —	$ —	$ 2,793

	Fair Value Measurements as of December 31, 2023:			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds	$ 7,244	$ —	$ —	$ 7,244
Cash equivalents	$ 7,244	$ —	$ —	$ 7,244

During the nine months ended September 30, 2024 and 2023, there were no transfers between levels. The fair value of the Company's cash equivalents, consisting of money market funds, is based on quoted market prices in active markets with no valuation adjustment.

The Company believes the carrying amounts of its prepaid expenses and other current assets, accounts payable, and accrued expenses approximate their fair value due to the short-term nature of these amounts.

4. Discontinued Operations

On May 11, 2023, the Company entered into the Asset Purchase Agreement for Tisento's acquisition of substantially all of the assets comprising the Company's zagociguat and CY3018 programs, in exchange for consideration at closing of $8.0 million, the reimbursement of employee expenses and R&D expenses of $2.4 million that Tisento reimbursed the Company for upon closing, and 10% of the issued and outstanding shares of Tisento Parent (Note 5). Upon closing of the transaction, the Company transferred certain fully depreciated software included within property and equipment to Tisento.

The operations of the Transferred Assets are presented as discontinued for all periods presented. The transaction closed on July 28, 2023.

The following table presents the results of the discontinued operations for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Revenue from grants	$ —	$ 50	$ —	$ 50
Total revenues	—	50	—	50
Cost and expenses:				
Research and development	—	691	—	4,439
General and administrative	—	1,637	—	4,033
Total cost and expenses	—	2,328	—	8,472
Loss from operations	—	(2,278)	—	(8,422)
Gain on disposal of discontinued operations	—	15,752	—	15,752
Net gain from discontinued operations	$ —	$ 13,474	$ —	$ 7,330

The following table presents the significant non-cash item for the discontinued operations that are included in the accompanying consolidated statements of cash flows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cash flows from operating activities:				
Share-based compensation expense	$ —	$ —	$ —	$ 505

5. Other Investment

On July 28, 2023, the Company closed the transactions contemplated by the Asset Purchase Agreement receiving proceeds of $8.0 million as cash consideration, approximately $2.4 million as reimbursement for certain operating expenses related to zagociguat and CY3018 programs for the period between signing and closing of the transaction, and 10% of all of Tisento Parent's outstanding equity securities which fair value was determined to be $5.3 million at the time of closing. The Company's investment in Tisento Parent does not provide it with significant influence over Tisento Parent.

The Company has determined that the Company's investment in Tisento Parent is an equity security, whereby such investment does not give the Company a controlling financial interest or significant influence over the investee. Further, the Company assessed the accounting for its investment in Tisento Parent in accordance with ASC 810-10, Consolidation—Overall. After determining that no scope exception applies under the guidance of ASC 810-10-15-12 and ASC 810-10-15-17, the Company concluded that it has a variable interest in Tisento Parent through its investment in Tisento Parent common stock. Tisento Parent does not have sufficient equity to finance its activities without additional subordinated financial support as Tisento Parent is a startup entity in its early stages of raising funds and will require significant capital to advance its programs to commercial stage. Therefore, the Company concluded that its investment in Tisento Parent is a variable interest entity ("VIE") in accordance with ASC 810-10-15-14(a) and is subject to potential consolidation under the VIE model. However, all activities that most significantly impact Tisento Parent and its subsidiary's economic performance are directed by the Tisento Parent board and the board approves decisions by a simple majority. Based on the board composition, the Company determined that no one party has control over the Tisento Parent board and power is not shared because the activities that most significantly affect Tisento Parent and its subsidiary's economic performance do not require the consent of all of the parties. Rather, all decisions are made by a simple majority vote of the Tisento Parent board. Therefore, because the Company controls no director of Tisento Parent, the Company cannot unilaterally direct any of the activities that most significantly impact Tisento Parent and its subsidiary's economic performance. Accordingly, the Company does not hold a controlling financial interest in Tisento Parent. Because both criteria (a) and (b) above have to be met for the application of the guidance in ASC 810-10-25-44B and criteria (a) has not been met, the Company concluded that it should not consolidate Tisento under the VIE model.

Accordingly, the Company has accounted for the investment as a financial instrument without a readily determinable fair value. Such investment is recorded using the measurement alternative for investments without readily determinable fair values, whereby the investment is measured at cost less any impairment recorded or adjustments for observable price changes. An impairment loss is recognized in the consolidated statements of operations and comprehensive loss equal to the amount by which the carrying value exceeds the fair value of the investment. As of September 30, 2024, no impairment loss was recognized. The Company considers the cost of the investment to be the maximum exposure to loss as a result of its involvement with the non-affiliated entity.

The initial fair value of the investment in Tisento Parent was determined by reference to the risk-adjusted net assets value using the discounted cash flow method. The estimated net assets value of Tisento Parent includes the cash generated/used from the operations and the proceeds from equity financing. Valuations were derived by reference to observable valuation measures for comparable companies or transactions, including weighted average cost of capital (21% to 23%), terminal decline rate (25% to 75%) and the discount rate referenced by a two-year treasury rate of 4.01%.

6. Property and Equipment

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

	September 30, 2024	December 31, 2023
Software	$ 126	$ 126
Property and equipment, gross	126	126
Less: accumulated depreciation and amortization	(126)	(126)
Property and equipment, net	$ —	$ —

During the nine months ended September 30, 2024 and 2023, the Company did not record depreciation and amortization expenses.

7. Accrued Expenses and Other Current Liabilities

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

	September 30, 2024	December 31, 2023
Salaries	$ 18	$ 11
Professional fees	263	685
Other	43	102
Accrued expenses and other current liabilities	$ 324	$ 798

8. Commitments and Contingencies

Other Funding Commitments

In the normal course of business, the Company enters into contracts with clinical research organizations and other third parties for clinical and preclinical research studies and other services and products for operating purposes. These contracts are generally cancellable, with notice, at the Company's option and do not have any significant cancellation penalties.

Indemnification Obligations

On September 6, 2018, Cyclerion was incorporated in Massachusetts and its officers and directors are indemnified for certain events or occurrences while they are serving in such capacity.

The Company enters into certain agreements with other parties in the ordinary course of business that contain indemnification provisions. These typically include agreements with directors and officers, business partners, contractors, clinical sites and customers. Under these provisions, the Company generally indemnifies and holds harmless the indemnified party for losses suffered or incurred by the indemnified party as a result of the Company's activities. These indemnification provisions generally survive termination of the underlying agreements. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is unlimited. However, to date the Company has not incurred material costs to defend lawsuits or settle claims related to these indemnification provisions. As a result, the estimated fair value of these obligations is minimal. Accordingly, the Company did not have any liabilities recorded for these obligations as of September 30, 2024 and December 31, 2023.

Separation Benefits

As part of the separation benefit of the former Chief Financial Officer, the Company paid $0.1 million in May 2024 and August 2024, as the former Chief Financial Officer had not secured full-time employment prior to the six-month anniversary and nine-month anniversary of November 15, 2023. The Company has no further separation benefits obligation as of September 30, 2024.

9. Leases

In May 2021, the Company signed a 12-month membership agreement to lease space with WeWork at 501 Boylston Street, Boston, Massachusetts, commencing on August 1, 2021. The agreement was extended for six months on August 1, 2022. The 12-month agreement and 6-month extension are accounted for as short-term leases. No lease expense associated with the membership agreement was recognized during the three and nine months ended September 30, 2024. The Company recorded a de minimis amount in lease expense associated with the membership agreement during the three and nine months ended September 30, 2023.

On September 15, 2020, the Company entered into a Sublease Termination Agreement (the "Sublease Termination Agreement") to terminate its sublease of 15,700 rentable square feet of its leased premises under the Head Lease. Under the terms of the Sublease Termination Agreement, the subtenant was relieved of its obligation to provide future cash rental payments to the Company. The agreements requiring the former subtenant to provide licensed rooms and services to the Company free of charge through the original sublease term survived the sublease

termination. The Company gained access to the licensed rooms and services beginning in the third quarter of 2021. The letter of credit security deposit related to the sublease was released.

The Company determined that the Sublease Termination Agreement constituted a non-monetary exchange under ASC 845 Nonmonetary Transactions ("ASC 845") where, in return for the free rooms and the services, the Company agreed to terminate its rights and obligations under the sublease agreement. In accordance with ASC 845, the Company determined that the accounting for the transaction should be based on the fair value of assets or services involved. The Company estimated the fair value of the rooms and services to be approximately $1.5 million and $2.9 million, respectively.

The Company determined that the licensed rooms represent a lease under ASC Topic 842, Leases. The Company obtained control of the rooms in the third quarter of 2021 and the prepaid rooms balance of approximately $1.4 million was reclassified from other assets to a ROU asset. The related lease expense is recognized on a straight-line basis over the lease term of 8.88 years. The Company recorded a de minimis amount and $0.1 million of lease expense during the three and nine months ended September 30, 2023. The Company determined that the licensed services represent a non-lease component, which is recognized separately from the lease component for this asset class. The expense related to the licensed services is recognized on a straight-line basis over the period the services are received. The Company recorded $0.1 million and $0.2 million during the three and nine months ended September 30, 2023, respectively. Both the lease expense and services expense are recognized as a component of research and development costs in the condensed consolidated statements of operations and comprehensive loss.

After the closing of the Asset Purchase Agreement, the Company had no plans in the foreseeable future to use the licensed rooms and the Company is restricted from subleasing the rooms. In August 2023, the ROU asset and other assets were fully impaired. No lease expense or services expense was recognized during the three and nine months ended September 30, 2024.

10. Share-based Compensation Plans

In 2019, Cyclerion adopted share-based compensation plans. Specifically, Cyclerion adopted the 2019 Employee Stock Purchase Plan (“2019 ESPP”) and the 2019 Equity Incentive Plan (“2019 Equity Plan”). Under the 2019 ESPP, eligible employees may use payroll deductions to purchase shares of stock in offerings under the plan, and thereby acquire an interest in the future of the Company. The 2019 Equity Plan provides for stock options, restricted stock awards ("RSAs") and restricted stock units (“RSUs”).

Cyclerion also mirrored two of Ironwood Pharmaceuticals, Inc. ("Ironwood") existing plans, the Amended and Restated 2005 Stock Incentive Plan (“2005 Equity Plan”) and the Amended and Restated 2010 Employee, Director and Consultant Equity Incentive Plan (“2010 Equity Plan"). These mirror plans were adopted to facilitate the exchange of Ironwood equity awards for Cyclerion equity awards upon the Separation as part of the equity conversion. As a result of the Separation and in accordance with the EMA, employees of both companies retained their existing Ironwood vested options and received a pro-rata share of Cyclerion options, regardless of which company employed them post-Separation. For employees that were ultimately employed by Cyclerion, unvested Ironwood options and RSUs were converted to unvested Cyclerion options and RSUs.

The following table provides share-based compensation reflected in the Company’s condensed consolidated statements of operations and comprehensive loss for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Research and development	$ 24	$ (19)	$ 74	$ 391
General and administrative	114	178	429	573
	$ 138	$ 159	$ 503	$ 964

Stock Options

Stock options granted under the Company's equity plans generally have a ten-year term and vest over a period of four years, provided the individual continues to serve at the Company through the vesting dates. Options granted under all equity plans are exercisable at a price per share not less than the fair market value of the underlying common stock on the date of grant. The estimated fair value of options, including the effect of estimated forfeitures, is recognized over the requisite service period, which is typically the vesting period of each option.

A summary of stock option activity (excluding market-based stock options) for the nine months ended September 30, 2024, is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Average Intrinsic Value (in thousands)
Outstanding as of December 31, 2023	291,368	$ 189.09	4.6	$ —
Granted	55,849	$ 3.30		
Exercised	—	$ —		
Cancelled or forfeited	(11,237)	$ 159.50		
Outstanding as of September 30, 2024	335,980	$ 159.20	4.9	$ —
Exercisable at September 30, 2024	252,429	$ 204.22	3.7	$ —

During the three and nine months ended September 30, 2024, the Company granted stock options to purchase an aggregate of 55,849 shares at weighted average grant fair values per option share of $2.80. During the three and nine months ended September 30, 2023, the Company granted stock options to purchase an aggregate of 4,000 shares at weighted average grant fair values per option share of $2.95. There were no options exercised during the three and nine months ended September 30, 2024 and 2023. As of September 30, 2024, the unrecognized share-based compensation expense, net of estimated forfeitures, related to all unvested time-based stock options is $0.4 million and the weighted average period over which that expense is expected to be recognized is 3.78 years.

The Company has granted certain employees performance-based options to purchase shares of common stock. These options are subject to performance-based milestone vesting. During the three and nine months ended September 30, 2024 and 2023, there were no shares that vested as a result of performance milestone achievements. No share-based compensation expense related to these performance-based options was recognized during the three and nine months ended September 30, 2024 and 2023, respectively.

Market-based Stock Options

The Company has previously granted to certain employees stock options containing market conditions that vest upon the achievement of specified price targets of the Company's share price for a period through December 31, 2024. Vesting is measured based upon the average closing price of the Company's share price for any thirty consecutive trading days, subject to certain service requirements. Stock compensation cost is expensed on a straight-line basis over the derived service period for each stock price target within the award, ranging from approximately 4.0 to 4.6 years. The Company accelerates expense when a stock price target is achieved prior to the derived service period. The Company does not reverse expense recognized if the share price target(s) are ultimately not achieved but expense is reversed when a stock award recipient has a break in service prior to the completion of the derived service period. As of September 30, 2024, there were 7,500 outstanding stock options containing market conditions with a weighted average exercise price of $40.20. As of September 30, 2024, there was no unrecognized compensation costs related to stock options containing market conditions.

No stock options containing market conditions were granted during the three and nine months ended September 30, 2024 and 2023.

Restricted Stock Awards

The Company granted nil and 65,000 RSAs during the three and nine months ended September 30, 2024, respectively. The fair value of all RSAs is based on the market value of the Company's common stock on the date of

grant. Compensation expense, including the effect of estimated forfeitures, is recognized over the applicable service period.

A summary of RSA activity for the nine months ended September 30, 2024 is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2023	170,937	$ 2.28
Granted	65,000	3.35
Vested	(56,739)	2.64
Forfeited	—	—
Unvested as of September 30, 2024	179,198	$ 2.55

As of September 30, 2024, the unrecognized share-based compensation expense, net of estimated forfeitures, related to all unvested RSAs is $0.4 million and the weighted average period over which that expense is expected to be recognized is 2.92 years.

11. Loss per share

Basic and diluted net loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding during the period as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net loss from continuing operations (in thousands)	$ (723)	$ (5,908)	$ (3,587)	$ (10,899)
Net gain (loss) from discontinued operations (in thousands)	—	13,474	—	7,330
Total net gain (loss) (in thousands)	(723)	7,566	(3,587)	(3,569)
Denominator:				
Weighted average shares used in calculating net loss per share — basic (in thousands)	2,526	2,435	2,510	2,299
Weighted average shares used in calculating net loss per share — diluted (in thousands)	2,526	2,786	2,510	2,299
Net gain (loss) per share — basic				
Net loss per share from continuing operations	$ (0.29)	$ (2.43)	$ (1.43)	$ (4.74)
Net (gain) loss per share from discontinued operations	—	5.53	—	3.19
Total (gain) loss per share	$ (0.29)	$ 3.10	$ (1.43)	$ (1.55)
Net gain (loss) per share — diluted				
Net loss per share from continuing operations	$ (0.29)	$ (2.12)	$ (1.43)	$ (4.74)
Net (gain) loss per share from discontinued operations	—	4.84	—	3.19
Total gain (loss) per share	$ (0.29)	$ 2.72	$ (1.43)	$ (1.55)

The Company excludes shares of common stock related to Preferred Stock, stock options, RSAs and RSUs from the calculation of diluted net loss per share since the inclusion of such shares would be anti-dilutive. The following table sets forth potential shares that were considered anti-dilutive for the three months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Preferred Stock	351,037	—	351,037	351,037
Stock Options	343,480	320,107	343,480	320,107
RSAs	179,198	—	179,198	—
	873,715	320,107	873,715	671,144

12. Workforce Reductions

On October 6, 2022, the Company began a reduction of its current workforce by thirteen (13) full-time employees to align its resources with its current priorities of focusing on a mitochondrial disease-focused strategy. The workforce reduction was completed in the fourth quarter of 2022. No cost related to the 2022 Workforce Reduction was recognized during the three and nine months ended September 30, 2024 and 2023.

The Company had further reductions of workforce in 2023 in connection with the sale of the Transferred Assets to Tisento and change to the Company's strategy. The Company recorded total costs of approximately $0.5 million and $0.6 million related to the reduction in workforce during the three and nine months ended September 30, 2023, respectively. No cost related to further workforce reductions was recognized during the three and nine months ended September 30, 2024.

All the accrued liabilities were paid off as of December 31, 2023 and no activities occurred during the three and nine months ended September 30, 2024. The following table summarizes the accrued liabilities activity recorded in connection with the reduction in workforce for the nine months ended September 30, 2023 (in thousands):

	Amounts accrued at December 31, 2022	Charges	Amount paid	Adjustments	Amounts accrued at September 30, 2023
Workforce reductions	$ (809)	$ (565)	$ 1,074	$ —	$ (300)
Total	$ (809)	$ (565)	$ 1,074	$ —	$ (300)

13. Option/License Agreement

Option Agreement

On July 22, 2024, the Company entered into an Option to License Agreement (the "Option Agreement") with a third party (the "Optionee"), pursuant to which the optionee has an option (the "Option"), to enter into an exclusive license to olinciguat for human therapeutics, subject to certain carveouts. Under the terms of the Option Agreement, the Optionee paid the Company an Option fee of $150,000 in August 2024. The Optionee may exercise the Option on or before February 22, 2025, which may be extended for an additional two-month period for an additional fee of $25,000. If the Optionee exercises the Option during the Option Period, the Parties shall promptly commence negotiations of the definitive license agreement. The terms of the license agreement will be negotiated in good faith within a period not to exceed 90 days after the date of exercise of the Option. If the parties cannot reach agreement, all rights revert to the Company. In addition, the Optionee has agreed to reimburse the Company for certain patent expenses incurred during the Option period. The Company recognized revenue of $0.2 million related to the Option fee payment and expense reimbursement for the three and nine months ended September 30, 2024.

Akebia License Agreement

On June 3, 2021, the Company and Akebia entered into a License Agreement (the "Akebia License Agreement") relating to the exclusive worldwide license by the Company to Akebia of the Company's rights to the development, manufacture, medical affairs and commercialization of pharmaceutical products containing the pharmaceutical compound known as praliciguat and other related products and forms thereof enumerated in the

License Agreement (collectively, the “Products”). Pursuant to the Akebia License Agreement, Akebia will be responsible for all future research, development, regulatory, and commercialization activities for the Products.

Akebia paid a $3.0 million up-front payment to the Company upon signing of the License Agreement and the Company is eligible to receive additional milestone cash payments of up to $585 million in total potential future development, regulatory, and commercialization milestone payments for praliciguat. In addition to these cash milestone payments, if Akebia commercializes the licensed technology, Akebia will pay the Company tiered royalty payments on net sales in certain major markets at percentages ranging from the mid-single digits to the high-teens, subject to certain reductions and offsets.

Pursuant to the Akebia License Agreement, the Company determined the Akebia License Agreement represents a service arrangement under the scope of ASC 606. Given the reversion of the rights under the Akebia License Agreement represents a penalty in substance for a termination by Akebia, the contract term would be the stated term of the License Agreement.

The Company determined that the grant of license to its patents and trademarks, know how transfer, the assignment of regulatory submissions and trademarks and additional knowledge transfer assistance obligations represent a single promise and performance obligation to be transferred to Akebia over time due to the nature of the promises in the contract. The provision of development materials on hand was identified as a separate performance obligation. However, it is immaterial in the context of the contract as the development materials are low value and do not have an alternative use to the Company.

The consideration related to sales-based milestone payments, including royalties, will be recognized when the related sales occur as these amounts have been determined to relate predominantly to the license. The Company will re-evaluate the probability of achievement of the milestones and any related constraints each reporting period.

Akebia Supply Agreement

On August 3, 2021, the Company and Akebia entered into a Supply Agreement (the “Supply Agreement”) relating to the manufacturing by the Company of the Initial Supply of the Drug Product and placebo ("Initial Supply") for Akebia's use pursuant to the Akebia License Agreement. Akebia will pay the Company for the manufacturing costs at mutually agreed upon rates.

The Company determined the Supply Agreement has stand-alone value under the scope of ASC 606 and should not be combined with the Akebia License Agreement. Given that the Supply Agreement can be terminated at any time without cause with 30 days’ notice, the Company deemed the Supply Agreement to be a month-to-month contract. The manufacturing of the Initial Supply by the Company represents a single performance obligation and consideration related to the manufacturing costs will be recognized over time as costs are incurred. There was no revenue recognized as part of the Supply Agreement in the three and nine months ended September 30, 2024 and 2023.

14. Subsequent Events

The Company has evaluated all events and transactions that occurred after the balance sheet date through the date the consolidated financial statements were issued and determined that there were no such events requiring recognition or disclosure in the consolidated financial statements.

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

Forward-Looking Information

The following discussion of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the corresponding notes included in this Quarterly Report on Form 10-Q, as well as the audited condensed consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. This discussion contains forward-looking statements that involve significant risks and uncertainties. As a result of many factors, such as those referenced or set forth under "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q, our actual results may differ materially from those anticipated in these forward-looking statements.

Overview

We operate in one reportable business segment—human therapeutics.

At inception, Cyclerion was a biopharmaceutical company focused on the treatment of serious diseases with novel soluble guanylate cyclase ("sGC") stimulators in both the central nervous system ("CNS") and the periphery. The nitric oxide ("NO") sGC cyclic guanosine monophosphate ("cGMP") signaling pathway is a fundamental mechanism that precisely controls key aspects of physiology throughout the body. The NO-sGC-cGMP pathway regulates diverse and critical biological functions in both the CNS and the periphery and has been successfully targeted with several drugs. Prior to the sale of two assets to Tisento (see below), Cyclerion's portfolio included novel sGC stimulators that modulate signaling networks in both the CNS and the periphery.

On July 28, 2023, we sold two of our CNS assets (zagociguat and CY3018, or the "Transferred Assets") to Tisento in exchange for $8.0 million in cash consideration, $2.4 million as reimbursement for certain operating expenses related to zagociguat and CY3018 for the period between signing and closing of the transaction, and 10% of all of Tisento's Parent's outstanding equity securities. The Cyclerion assets that were retained are olinciguat and praliciguat which are not CNS focused and are either currently out-licensed (praliciguat) or management is seeking to out-license (olinciguat).

We have shifted our strategy to identify non-sGC stimulator assets, mainly within the CNS therapeutic area, to build a new portfolio. If the Company identifies suitable new assets, the Company will seek to develop the new assets and retain contract research and development and seek to outsource to manufacturing organizations for these specific purposes, as well as seek to raise funds for further research and development activities. The Company's goal is to find the best combination of capital, capabilities, and transactions that will enable the advancement of current and any future assets the Company may acquire for patients in a way that maximizes shareholder value.

Financial Overview

Research and Development Expense. Research and development expenses are incurred in connection with the discovery and development of our product candidates. These expenses consist primarily of the following costs: compensation, benefits and other employee-related expenses, research and development related facilities, third-party contracts relating to manufacturing, nonclinical studies and clinical trial activities. All research and development expenses are charged to operations as incurred.

Praliciguat is an orally administered, once-daily systemic sGC stimulator. On June 3, 2021, we entered into a license agreement with Akebia relating to the exclusive worldwide license to Akebia of our rights to the development, manufacture, medical affairs and commercialization of pharmaceutical products containing praliciguat and other related products and forms thereof enumerated in such agreement. Cyclerion is eligible to receive up to $585 million in total potential future development, regulatory, and commercialization milestone payments. Cyclerion is also eligible to receive tiered, sales-based royalties ranging from single-digit to high-teen percentages and subject to reduction upon expiration of patent rights or the launch of a generic product.

Olinciguat is a Phase 2 orally administered, once-daily, vascular sGC stimulator that Cyclerion intends to out-license to an entity with strong cardiovascular and/or cardiopulmonary capabilities. On July 22, 2024, we entered into an Option to License Agreement (the "Option Agreement") with a third party (the "Optionee"), pursuant to which the Optionee has an option (the "Option") to enter into an exclusive license to olinciguat for human therapeutics, subject to certain carveouts. Under the terms of the Option Agreement, the Optionee paid the Company an Option fee of $150,000 in August 2024. The Optionee may exercise the Option on or before February 22, 2025, which may be extended for an additional two-month period for an additional fee of $25,000. If the Optionee exercises the Option during the Option Period, the Parties shall promptly commence negotiations of the definitive license agreement. The terms of the license agreement will be negotiated in good faith within a period not to exceed 90 days after the date of exercise of the Option. If the parties cannot reach agreement, all rights revert to the Company. In addition, the Optionee has agreed to reimburse the Company for certain patent expenses incurred during the Option period.

Zagociguat and CY3018 are orally administered CNS-penetrant sGC stimulators. On July 28, 2023, Tisento purchased zagociguat and CY3018 in exchange for $8.0 million in cash consideration, $2.4 million as reimbursement for certain operating expenses related to zagociguat and CY3018 for the period between signing and closing of the transaction, and 10% of all of Tisento Parent's outstanding equity securities at the time of closing.

Cyclerion continues to evaluate other activities aimed at enhancing shareholder value, which may potentially include collaborations, licenses, mergers, acquisitions, and/or other targeted investments.

The following table summarizes our research and development expenses, employee and facility related costs allocated to research and development expense, and discovery and pre-clinical phase programs, for the three and nine months ended September 30, 2024 and 2023. The product pipeline expenses relate primarily to external costs associated with nonclinical studies and clinical trial costs.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Product pipeline external costs	$ —	$ 58	$ —	$ 88
Personnel and related internal costs	25	304	86	555
Facilities and other	56	218	144	848
Total research and development expenses	$ 81	$ 580	$ 230	$ 1,491

Securing regulatory approvals for new drugs is a lengthy and costly process. Any failure by us or our partners to obtain, or any delay in obtaining, regulatory approvals would materially adversely affect our product candidate development efforts and our business overall.

Given the inherent uncertainties of pharmaceutical product development, we cannot estimate with any degree of certainty how our programs will evolve, and therefore the amount of time or money that would be required to obtain regulatory approval to market them. As a result of these uncertainties surrounding the timing and outcome of any approvals, we are currently unable to estimate precisely when, if ever, our discovery and development candidates will be approved.

The successful development of any current or potential future product candidates is highly uncertain and subject to a number of risks. Please refer to Item 1A, Risk Factors, in this Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

We are unable to determine the duration and costs to complete current or future nonclinical and clinical stages of any current or potential future product candidates, including as licensed to third parties, or when, or to what extent, we may generate revenues from the commercialization and sale of any current or potential future product candidates. Development timelines, probability of success and development costs vary widely. We anticipate that we will make determinations as to which additional programs to pursue and how much funding to direct to each program on an ongoing basis in response to the data from the studies of each product candidate, the competitive landscape and ongoing assessments of such product candidate's commercial potential.

General and Administrative Expense. General and administrative expenses consist primarily of compensation, benefits and other employee-related expenses for personnel in our administrative, finance, legal, information technology, business development, and human resource functions. Other costs include the legal costs of pursuing patent protection of our intellectual property, general and administrative related facility costs, insurance costs and professional fees for accounting and legal services. We record all general and administrative expenses as incurred.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements prepared in accordance with GAAP. The preparation of these financial statements requires us to make certain estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the amounts of expenses during the reported periods. We base our estimates on our historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ materially from our estimates under different assumptions or conditions. Changes in estimates are reflected in reported results in the period in which they become known.

We believe that our application of accounting policies requires significant judgments and estimates on the part of management and is the most critical to aid in fully understanding and evaluating our reported financial results. Our significant accounting policies are more fully described in Note 2, *Summary of Significant Accounting Policies*, of the consolidated financial statements elsewhere in Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

All research and development expenses are expensed as incurred. We defer and capitalize nonrefundable advance payments we make for research and development activities until the related goods are received or the related services are performed. A discussion of our critical accounting policies and estimates may be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* under the heading *Critical Accounting Policies and Estimates.*

Results of Operations

The revenue and expenses reflected in the consolidated financial statements may not be indicative of revenue and expenses that will be incurred by us in the future. The following discussion summarizes the key factors we believe are necessary for an understanding of our consolidated financial statements.

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2024	2023	$	%	2024	2023	$	%
	(dollars in thousands)				(dollars in thousands)			
Revenues:								
Revenue from option agreement	$ 194	$ —	$ 194	100 %	$ 194	$ —	$ 194	100 %
Total revenues	194	—	194	100 %	194	—	194	100 %
Cost and expenses:								
Research and development	81	580	(499)	(86)%	230	1,491	(1,261)	(85)%
General and administrative	1,241	2,131	(890)	(42)%	4,094	6,361	(2,267)	(36)%
Impairment loss	—	3,304	(3,304)	(100)%	—	3,304	(3,304)	(100)%
Total cost and expenses	1,322	6,015	(4,693)	(78)%	4,324	11,156	(6,832)	(61)%
Loss from operations	(1,128)	(6,015)	4,887	(81)%	(4,130)	(11,156)	7,026	(63)%
Other income, net								
Interest income	42	107	(65)	(61)%	180	257	(77)	(30)%
Gain from settlement of account payable	363	—	363	100 %	363	—	363	100 %
Total other income, net	405	107	298	279 %	543	257	286	111 %
Net loss from continuing operations	(723)	(5,908)	5,185	(88)%	(3,587)	(10,899)	7,312	(67)%
Discontinued operations:								
Gain from discontinued operations	—	13,474	(13,474)	(100)%	—	7,330	(7,330)	(100)%
Net gain (loss)	$ (723)	$ 7,566	$ (8,289)	(110)%	$ (3,587)	$ (3,569)	$ (18)	1 %

Revenue

Revenue from option agreement. On July 22, 2024, we entered into the Option Agreement with the Optionee, which the Optionee has the Option to enter into an exclusive license to olinciguat for human therapeutics, subject to certain carveouts. We recognized revenue of $0.2 million related to the Option fee payment and expense reimbursement during the three and nine months ended September 30, 2024.

Expenses

Research and development expense. We had further reductions of workforce in 2023 in connection with the sale of the Transferred Assets to Tisento and change to the Company's strategy. The decrease in research and development expense of approximately $0.5 million for the three months ended September 30, 2024 compared to the three months ended September 30, 2023 was driven by decreases of approximately $0.3 million in employee-related expenses primarily due to the workforce reduction in 2023 and a decrease of approximated of $0.2 million in other miscellaneous expenses including professional consulting expense, research study costs and outside service fees.

The decrease in research and development expense of approximately $1.3 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 was driven by decreases of approximately $0.5 million in employee-related expenses primarily due to the workforce reduction in 2023, approximately $0.2 million in information technology services, approximately $0.1 million in research study costs, approximately $0.1 million in outside service fee, approximately $0.2 million in lab equipment and service and approximately $0.1 million in lab space rent.

General and administrative expense. The decrease in general and administrative expenses of approximately $0.9 million for the three months ended September 30, 2024 compared to the three months ended September 30, 2023 was primarily driven by decreases of approximately $0.2 million in employee-related expenses primarily due to the workforce reduction in 2023, approximately $0.1 million in board member fees, approximately $0.1 million in outside service fee, approximately $0.4 million in legal services and approximately $0.1 million in audit service.

The decrease in general and administrative expenses of approximately $2.3 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 was primarily driven by

decreases of approximately $0.3 million in employee-related expenses primarily due to the workforce reduction in 2023, approximately $1.4 million in legal services, approximately $0.2 million in audit and tax services, approximately $0.2 million in outside services, $0.3 million in insurance expenses and approximately $0.3 million in information technology services, offset by an increase of approximately of $0.4 million in professional consulting.

Impairment loss. The impairment loss consists of an impairment loss of operating lease of approximately $3.3 million during the three and nine months ended September 30, 2023. There was no impairment loss recognized during the three and nine months ended September 30, 2024.

Interest income. Interest income decreased by $0.1 million for the three and nine months ended September 30, 2024 compared to the three and nine months ended September 30, 2023, primarily attributable to the decrease of our money market fund balance.

Gain from settlement of account payable. During the three and nine months ended September 30, 2024, we reached a settlement agreement with a vendor for a disputed account payable and recorded a gain of $0.4 million on settlement of account payable.

Gain from discontinued operations. The decrease in gain from discontinued operations of approximately $13.5 million and $7.3 million for the three and nine months ended September 30, 2024 compared to the three and nine months ended September 30, 2023, respectively, was driven by the sale of Transferred Assets in July 2023. After the sale of Transferred Assets, no discontinued operation was recognized in the income statements.

Liquidity and Capital Resources

On July 24, 2020, the Company filed a Registration Statement on Form S-3 (the “Shelf”) with the Securities and Exchange Commission (the “SEC”) in relation to the registration of common stock, preferred stock, debt securities, warrants and units of any combination thereof for an aggregate initial offering price not to exceed $150.0 million. On September 3, 2020, we entered into the Sales Agreement with Jefferies with respect to the ATM Offering under the Shelf. The Shelf expired in July 2023. We did not sell any shares of our common stock under the Shelf from January 1, 2022 to July 2023.

On May 19, 2023, we sold 225,000 shares of our common stock, pursuant to a Common Stock Purchase Agreement, and 351,037 shares of Series A Preferred Stock, to our former CEO, for total gross proceeds of approximately $5 million. There were no material fees or commissions related to the transaction. Such Series A Convertible Preferred Stock is convertible into shares of our common stock on a one-to-one basis. Our shareholders approved such convertibility on July 19, 2023.

On July 28, 2023, we closed the transactions contemplated by the Asset Purchase Agreement receiving proceeds of $8.0 million as cash consideration, approximately $2.4 million as reimbursement for certain operating expenses related to zagociguat and CY3018 programs for the period between signing and closing of the transaction, and 10% of all of Tisento Parent’s outstanding equity securities.

Our ability to continue to fund our operations and meet capital needs in the next twelve months will depend on our ability to generate cash from operations and access to capital markets and other sources of capital, as further described below. We anticipate that our principal uses of cash in the future will be primarily to fund our operations, working capital needs, capital expenditures and other general corporate purposes.

On September 30, 2024, we had approximately $2.9 million of unrestricted cash and cash equivalents. Our cash equivalents include amounts held in U.S. government money market funds. We invest cash in excess of immediate requirements in accordance with our investment policy, which requires all investments held by us to be at least “AAA” rated or equivalent, with a remaining final maturity when purchased of less than twelve months, so as to primarily achieve liquidity and capital preservation.

Going Concern

We evaluated whether there are conditions and events, considered in the aggregate, which raise substantial doubt about our ability to continue as a going concern within one year after the date that these consolidated financial

statements are issued. This evaluation initially does not take into consideration the potential mitigating effect of management's plans that have not been fully implemented as of the date the financial statements are issued. When substantial doubt exists under this methodology, management evaluates whether the mitigating effect of our plans sufficiently alleviates substantial doubt about our ability to continue as a going concern. The mitigating effect of management's plans, however, is only considered if both (1) it is probable that the plans will be effectively implemented within one year after the date that the financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that these consolidated financial statements are issued. In performing our analysis, management excluded certain elements of our operating plan that cannot be considered probable. Under ASC 205-40, the future receipt of potential funding from future partnerships, equity or debt issuances, and the potential milestones from the Akebia agreement cannot be considered probable at this time because these plans are not entirely within our control and/or have not been approved by the Board of Directors as of the date of these consolidated financial statements.

We have incurred recurring losses since our inception, including a net loss of $3.6 million for the nine months ended September 30, 2024. In addition, as of September 30, 2024, we had an accumulated deficit of $268.0 million. We expect that our cash and cash equivalents as of September 30, 2024, will be sufficient to fund operations into mid-2025, however we will need to obtain additional funding to sustain operations as we expect to continue to generate operating losses for the foreseeable future. Accordingly, we have concluded that substantial doubt exists about our ability to continue as a going concern.

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above.

Reverse Stock Split

On May 15, 2023, we filed Articles of Amendment to our Restated Articles of Organization with the Secretary of Commonwealth of Massachusetts to effect a 1-for-20 reverse stock split of our issued and outstanding shares of common stock. The reverse stock split was reflected on the Nasdaq Capital Market beginning with the opening of trading on May 16, 2023. All share amounts and per share amounts disclosed in this Quarterly Report on Form 10-Q have been adjusted retroactively to reflect the reverse stock split for all periods presented.

Cash Flows

The following is a summary of cash flows for the nine months ended September 30, 2024 and 2023:

	Nine Months Ended September 30,		Change	
	2024	2023	$	%
	(dollars in thousands)			
Net cash used in operating activities	$ (4,693)	$ (19,704)	$ 15,011	(76)%
Net cash provided by investing activities	$ —	$ 10,402	$ (10,402)	—
Net cash provided by financing activities	$ —	$ 5,024	$ (5,024)	—

Cash Flows from Operating Activities

Net cash used in operating activities was $4.7 million for the nine months ended September 30, 2024 was primarily a result of our $3.6 million net loss from operations. The net loss was offset by non-cash stock-based compensation expense of $0.5 million. The net loss was also adjusted by gain from settlement of accounts payable of $0.4 million, an increase in prepaid expense of $0.2 million, a decrease in accounts payable of $0.5 million and a decrease in accrued expenses and other current liabilities of $0.5 million.

Net cash used in operating activities was $19.7 million for the nine months ended September 30, 2023 was primarily a result of our $3.6 million net loss from operations. The net loss was offset by impairment loss of $3.3

million, non-cash stock-based compensation expense of $1.0 million, a decrease in account receivable of $0.1 million, a decrease in prepaid expenses of $0.1 million, a decrease in other current assets of $0.1 million, a decrease in operating lease assets of $0.1 million and a decrease in other assets of $0.2 million. The net loss was also adjusted by gain on disposal of discontinued operations of $15.8 million, a decrease in account payable of $2.2 million, a decrease in accrued research and development costs of $1.9 million and a decrease in accrued expenses and other current liabilities of $1.2 million.

Cash Flows from Investing Activities

There was no investing activity incurred in the nine months ended September 30, 2024. Net cash provided by investing activities for the nine months ended September 30, 2023 of $10.4 million was due to cash proceeds received from the disposal of discontinued operations of approximately $10.4 million.

Cash Flows from Financing Activities

There was no financing activity in the nine months ended September 30, 2024. Net cash provided by financing activities for the nine months ended September 30, 2023 of $5.0 million was due to cash received from the May 2023 stock purchase agreement of $5 million.

Funding Requirements

We expect our expenses to fluctuate as we continue to maintain out-license opportunities and seek to broaden our portfolio through in-licensing of assets. We expect that our cash and cash equivalents as of September 30, 2024, will be sufficient to fund operations into mid-2025, however we will need to obtain additional funding to sustain operations as we expect to continue to generate operating losses for the foreseeable future. Failure to obtain necessary capital when needed may delay development of any current or potential future product candidates, or other operations. Additional funding may not be available on acceptable terms, if at all to continue as a going concern and advance our current and any potential future product candidates. Failure to obtain capital when needed may force us to delay, limit or terminate our product development efforts or other operations. Raising additional capital may dilute our existing shareholders, restrict our operations or cause us to relinquish valuable rights.

Because of the many risks and uncertainties associated with research, development and commercialization of product candidates, we are unable to estimate the exact amount of our working capital requirements. Our expenses will fluctuate, and our future funding requirements will depend on, and could increase or decrease significantly as a result of many factors, including the:

- scope, progress, results and costs of researching and developing our product candidates, and conducting preclinical studies and clinical trials;
- costs, timing and outcome of regulatory review of our product candidates;
- costs of future activities, including medical affairs, manufacturing and distribution, for any of our product candidates for which we receive marketing approval;
- cost and timing of necessary actions to support our strategic objectives;
- costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims; and
- timing, receipt and amount of sales of, or milestone payments related to or royalties on, our current or future product candidates, if any.

A change in any of these or other variables with respect to the development of any current or potential future product candidates could significantly change the costs and timing of the development of that product candidate.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of public or private equity offerings, debt financings, collaborations, strategic alliances

or licensing arrangements with third parties, of which there can be no assurance. To the extent that we raise additional capital through the sale of equity or convertible debt securities, outstanding equity ownership may be materially diluted, and the terms of securities sold in such transactions could include liquidation or other preferences that adversely affect the rights of holders of common stock. Debt financing and preferred equity financing, if available, may involve agreements that include restrictive covenants that limit our ability to take specified actions, such as incurring additional debt, making capital expenditures or declaring dividends. In addition, debt financing would result in increased fixed payment obligations.

If we raise funds through collaborations, strategic alliances or licensing arrangements with third parties, as to which raise there can be no assurances, we may have to relinquish 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 funds, we may need to cease operations.

Contractual Commitments and Obligations

Tax-related Obligations

We exclude assets, liabilities or obligations pertaining to uncertain tax positions from our summary of contractual commitments and obligations as we cannot make a reliable estimate of the period of cash settlement with the respective taxing authorities. As of September 30, 2024, we had no uncertain tax positions.

Separation Benefits

As part of the separation benefit of the former Chief Financial Officer, we paid $0.1 million in May 2024 and August 2024, as the former Chief Financial Officer had not secured full-time employment prior to the six-month anniversary and nine-month anniversary of November 15, 2023. We have no further separation benefits obligation as of September 30, 2024.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements (as that term is defined in Item 303(a)(4)(ii) of Regulation S-K) or other contractually narrow or limited purposes. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in those types of relationships. We enter into guarantees in the ordinary course of business related to the guarantee of our own performance.

New Accounting Pronouncements

For a discussion of new accounting pronouncements see Note 2, *Summary of Significant Accounting Policies*, of the consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and are not required to provide the information required under this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act refers to controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing

similar functions, as appropriate to allow timely decisions regarding required disclosure. Because there are inherent limitations in all control systems, a control system, no matter how well conceived and operated, can provide only reasonable, as opposed to absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective, at the reasonable assurance level, as of the end of the period covered by this report. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report on Form 10-Q which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. ***Legal Proceedings***

We are not a party to any material legal proceedings at this time. From time to time we may be subject to various legal proceedings and claims, which may have a material adverse effect on our financial position or results of operations.

Item 1A. ***Risk Factors***

Not applicable as we are a “smaller reporting company”. You should carefully review and consider the information regarding certain factors which could materially affect our business, financial condition or future results set forth under the heading “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Item 5. ***Other Information***

During the 2024 second quarter, no director or Section 16 officer adopted or terminated any Rule 10b5-1 plans or non-Rule 10b5-1 trading arrangements.

Item 6. ***Exhibits***

See the Exhibit Index on the following page of this Quarterly Report on Form 10-Q.

EXHIBIT INDEX

Exhibit No.	Description
31.1	Certificate of Chief Executive Officer (Principal Executive Officer) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certificate of Chief Financial Officer (Principal Financial Officer) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certificate of Chief Executive Officer (Principal Executive Officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certificate of Chief Financial Officer (Principal Financial Officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
104	Cover Page Interactive Data File.

SIGNATURES

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

CYCLERION THERAPEUTICS, INC.

By: /s/ Regina Graul
Name: Regina Graul
Title: *President and Chief Executive Officer (Principal Executive Officer)*

By: /s/ Rhonda Chicko
Name: Rhonda Chicko
Title: *Chief Financial Officer (Principal Financial and Accounting Officer)*

Date: November 14, 2024

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Regina Graul, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cyclerion Therapeutics, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 14, 2024

By: /s/ Regina Graul
Name: Regina Graul
Title: President and Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rhonda Chicko, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cyclerion Therapeutics, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 14, 2024

By: /s/ Rhonda Chicko
Name: Rhonda Chicko
Title: Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 32.1

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

I, Regina Graul, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Quarterly Report on Form 10-Q of Cyclerion Therapeutics, Inc. for the period ended September 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Cyclerion Therapeutics, Inc.

Date: November 14, 2024

By: /s/ Regina Graul
Name: Regina Graul
Title: President and Chief Executive Officer (Principal Executive Officer)

Exhibit 32.2

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

I, Rhonda Chicko, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Quarterly Report on Form 10-Q of Cyclerion Therapeutics, Inc. for the period ended September 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Cyclerion Therapeutics, Inc.

Date: November 14, 2024

By: /s/ Rhonda Chicko
Name: Rhonda Chicko
Title: Chief Financial Officer (Principal Financial and Accounting Officer)