

REFINITIV

DELTA REPORT

10-Q

XCUR - EXICURE, INC.

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

The following comparison report has been automatically generated

TOTAL DELTAS	1048
CHANGES	167
DELETIONS	672
ADDITIONS	209

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

FORM 10-Q

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

For the quarterly period ended September 30, 2023 March 31, 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: 001-39011

EXICURE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

81-5333008

(IRS Employer
Identification No.)

2430 N. Halsted St.

Chicago, IL 60614

(Address of principal executive offices)

Registrant's telephone number, including area code (847) 673-1700

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	XCUR	The Nasdaq Stock 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, a 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/> <input type="checkbox"/>

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 by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 13, 2024 June 10, 2024, there were [8,651,006] 8,651,148 shares of the registrant's common stock, par value \$0.0001 per share, outstanding.

EXICURE, INC.

QUARTERLY REPORT ON FORM 10-Q

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains express or implied "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). All statements other than statements of historical fact contained in this Quarterly Report on Form 10-Q are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "could," "will," "would," "should," "expect," "plan," "anticipate," "believe," "estimate," "intend," "predict," "seek," "contemplate," "project," "continue," "potential," "ongoing" or the negative of these terms or other comparable terminology. Forward-looking statements also include the assumptions underlying or relating to such statements.

Although we believe that the expectations reflected in the forward-looking statements contained herein are reasonable, such expectations or any of the forward-looking statements may prove to be incorrect and actual results could differ materially from those projected or assumed in the forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to inherent risks and uncertainties, including, but not limited to, the risk factors **described in the "Risk Factor Summary" below and** set forth in Part II, Item 1A "Risk Factors" below and for the reasons described elsewhere in this Quarterly Report on Form 10-Q. All forward-looking statements and reasons why results may differ included in this report are made as of the date hereof and we do not intend to update any forward-looking statements except as required by law. These forward-looking statements include, but are not limited to, statements concerning the following:

- substantial uncertainties regarding our exploration of strategic alternatives to maximize stockholder value, including whether we are able to identify potential partners and consummate transactions, in a timely manner or at all, whether we would be able to obtain sufficient funding to complete this process and whether any such transactions would generate value for stockholders;
- our ability to generate any meaningful value from sales, out-licensing or other transactions involving our historical assets;
- our ability to raise the substantial additional capital that is needed in the very near term to fund our operations and our pursuit of strategic alternatives, particularly given our current lack of a revenue source or committed financing and the substantial doubt about our ability to continue as a going concern;
- our ability to **successfully appeal the delisting determination made by the Nasdaq staff and** correct deficiencies and to remain listed on The Nasdaq Capital Market ("Nasdaq"), including the ability to maintain minimum stockholders' equity and stock price, and comply with applicable governance requirements, among other requirements, for continued listing on Nasdaq;
- any strategic plan or alternative that we may identify and pursue may involve unexpected costs, liabilities and/or delays and may not deliver anticipated benefits to our stockholders;

- our estimates of expenses, use of cash, timing of future cash needs, ongoing losses and capital requirements may prove to be inaccurate;
 - uncertainty about reaction from investors and potential business partners to our recent changes of control and board and management composition and the future direction of the Company, and the ability of our controlling stockholders and new board members and management to earn the confidence of investors and potential partners despite limited experience with U.S. public companies, and how these factors may impact our ability to obtain funding and execute any strategic alternatives that we may identify;
 - potential additional turnover of senior management, and any inability to attract and retain qualified management and other key personnel, creates significant continuity risk and could impair our ability to raise capital and execute on our exploration of strategic alternatives;
-
- our ability to comply with all applicable laws, which may be particularly challenging given the recent turnover in our board and management, significant reductions in force, limited resources and the potential to enter into new business areas with which we have no past experience;
-
- our ability to obtain and maintain intellectual property protection for our technologies and our ability to operate our business without infringing the intellectual property rights of others;
 - the impact of macroeconomic conditions, including global inflation, actions taken by central banks to counter inflation, capital market and bank instability, exchange rate fluctuations, supply chain disruptions and energy and fuel prices;
 - the impact of government laws and regulations; and
 - other factors that may impact our financial results and condition and our ongoing strategic efforts.

These statements relate to future events or our future operational or financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed in Part II, Item 1A of this Quarterly Report on Form 10-Q under the section titled "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q.

Any forward-looking statement in this Quarterly Report on Form 10-Q reflects our current view with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our business, results of operations, industry and future growth. Given these uncertainties, you should not place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future performance. You should read this Quarterly Report on Form 10-Q and the documents that we reference herein and have filed with the SEC as exhibits thereto completely and with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements. Except as required by law, we assume no, and specifically decline any, obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

This Quarterly Report on Form 10-Q also contains or may contain estimates, projections and other information concerning our industry, our business and the markets for certain therapeutics, including data regarding the estimated size of those markets, their projected growth rates and the incidence of certain medical conditions. Information that is based on estimates, forecasts, projections or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly stated, we obtained these industry, business, market and other data from reports, research surveys, studies and similar data prepared by third parties, industry, medical and general publications, government data and similar sources. In some cases, we do not expressly refer to the sources from which these data are derived.

Except where the context otherwise requires, in this Quarterly Report on Form 10-Q, the "Company," "Exicure," "we," "us" and "our" refers to Exicure, Inc., a Delaware corporation, and, where appropriate, our subsidiary.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

EXICURE, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (in thousands, except share and per share data)

	September 30, 2023	December 31, 2022
	March 31, 2024	31, 2023
ASSETS		
ASSETS		
ASSETS		
Current assets:		
Current assets:		
Current assets:		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Other receivable, from sale of property and equipment		
Prepaid expenses and other assets		
Other receivable		
Prepaid expenses and other current assets		
Total current assets		
Property and equipment, net		
Right-of-use asset		
Right-of-use asset		
Right-of-use asset		
Other noncurrent assets		
Total assets		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current liabilities:		
Current liabilities:		
Accounts payable		
Accounts payable		
Accounts payable		
Accrued expenses and other current liabilities		
Total current liabilities		
Total current liabilities		
Total current liabilities		
Lease liability, noncurrent		
Lease liability, noncurrent		
Lease liability, noncurrent		
Total liabilities		
Total liabilities		
Total liabilities		
Commitments and Contingencies (Note 11)		
Commitments and Contingencies (Note 11)		
Commitments and Contingencies (Note 11)		
Stockholders' equity:		
Stockholders' equity:		
Stockholders' equity:		
Preferred stock, \$0.0001 par value per share; 10,000,000 shares authorized, no shares issued and outstanding, September 30, 2023 and December 31, 2022		
Preferred stock, \$0.0001 par value per share; 10,000,000 shares authorized, no shares issued and outstanding, September 30, 2023 and December 31, 2022		

Preferred stock, \$0.0001 par value per share; 10,000,000 shares authorized, no shares issued and outstanding, September 30, 2023 and December 31, 2022
Common stock, \$0.0001 par value per share; 200,000,000 shares authorized, 8,650,515 issued and outstanding, September 30, 2023; 4,965,901 issued and outstanding, December 31, 2022
Preferred stock, \$0.0001 par value per share; 10,000,000 shares authorized, no shares issued and outstanding, March 31, 2024 and December 31, 2023
Preferred stock, \$0.0001 par value per share; 10,000,000 shares authorized, no shares issued and outstanding, March 31, 2024 and December 31, 2023
Preferred stock, \$0.0001 par value per share; 10,000,000 shares authorized, no shares issued and outstanding, March 31, 2024 and December 31, 2023
Common stock, \$0.0001 par value per share; 200,000,000 shares authorized, 8,650,950 issued and outstanding, March 31, 2024; 8,650,753 issued and outstanding, December 31, 2023
Additional paid-in capital
Accumulated deficit
Accumulated deficit
Accumulated deficit
Total stockholders' equity
Total liabilities and stockholders' equity

See accompanying notes to the unaudited condensed consolidated financial statements.

EXICURE, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	Three Months Ended March 31,			
	2024		2023	
Revenue:				
Collaboration revenue				
Collaboration revenue				
Collaboration revenue				
Revenue				
Revenue				
Revenue				
Total revenue				
Operating expenses:				
Research and development expense				
Research and development expense				
Research and development expense				
General and administrative expense				
Loss from sale of property and equipment				
Total operating expenses				
Total operating expenses				
Total operating expenses				
Operating loss				
Other income (expense), net:				
Changes in fair value of investment in convertible notes receivable				
Changes in fair value of investment in convertible notes receivable				
Changes in fair value of investment in convertible notes receivable				
Other income, net:				

Dividend income
Dividend income
Dividend income
Interest income
Interest expense
Other income (expense), net
Total other income (expense), net
Other income, net
Other income, net
Other income, net
Total other income, net
Net loss before provision for income taxes
Provision for income taxes
Net loss
Basic and diluted loss per common share
Basic and diluted loss per common share
Basic and diluted loss per common share

Weighted-average basic and diluted common shares outstanding

Weighted-average basic and diluted common shares outstanding

Weighted-average basic and diluted common shares outstanding

See accompanying notes to the unaudited condensed consolidated financial statements.

EXICURE, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands, except share and per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Net loss	\$ (5,256)	\$ (5,160)	\$ (15,427)	\$ (20,978)
Other comprehensive gain, net of taxes				
Unrealized gain on available for sale securities, net of tax	—	4	—	1
Other comprehensive gain	—	4	—	1
Comprehensive loss	\$ (5,256)	\$ (5,156)	\$ (15,427)	\$ (20,977)

See accompanying notes to the unaudited condensed consolidated financial statements.

EXICURE, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(in thousands, except shares)

Common
Stock

Common
Stock

Common
Stock

Shares

	Shares		Additional Paid-in- Capital	Accumulated Deficit	Total Stockholders' Equity	Additional Paid-in- Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	\$				\$		
Balance at January 1, 2023								
Balance at January 1, 2024								
Equity-based compensation								
Reclassification of common stock warrants to liability								
Vesting of restricted stock units and related repurchases								
Issuance of common stock, net								
Net loss								
Balance at March 31, 2023								
Equity-based compensation								
Vesting of restricted stock units and related repurchases								
Net loss								
Net loss								
Net loss								
Balance at June 30, 2023								
Equity-based compensation								
Vesting of restricted stock units and related repurchases								
Net loss								
Net loss								
Net loss								
Balance at September 30, 2023								
Balance at March 31, 2024								

See accompanying notes to the unaudited condensed consolidated financial statements.

EXICURE, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (in thousands, except shares)

	Common Stock									
	Common Stock									
	Common Stock									
	Shares									
	Shares									
	Shares	\$	Additional Paid-in- Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity	\$	Additional Paid-in- Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at January 1, 2022										
Exercise of common stock warrants										
Balance at January 1, 2023										
Equity-based compensation										

Reclassification of common stock warrants to liability
Vesting of restricted stock units and related repurchases
Other comprehensive loss, net
Issuance of common stock, net
Net loss
Balance at March 31, 2022
Exercise of options
Equity-based compensation
Vesting of restricted stock units and related repurchases
Issuance of common stock-ESPP
Issuance of common stock and warrants
Balance at March 31, 2023
Net loss
Net loss
Net loss
Balance at June 30, 2022
Equity-based compensation
Vesting of restricted stock units and related repurchases
Other comprehensive loss, net
Net loss
Balance at September 30, 2022

See accompanying notes to the unaudited condensed consolidated financial statements.

EXICURE, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands)

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (15,427)	\$ (20,978)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	627	882
Equity-based compensation	1,327	1,141
Amortization of long-term debt issuance costs and fees	—	477
Amortization of right-of-use asset	551	516
Amortization of investments	—	(2)
Changes in fair value of investment in convertible notes receivable	2,000	—
Loss from sale of property and equipment	920	23
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	124	2,973
Other noncurrent assets	291	48
Accounts payable	504	(2,493)
Accrued expenses	78	(3,448)
Deferred revenue	—	(7,052)

Other liabilities	(536)	(469)
Net cash used in operating activities	(9,541)	(28,382)
Cash flows from investing activities:		
Purchase of available-for-sale securities	(2,000)	(1,499)
Proceeds from sale or maturity of available-for-sale securities	—	5,998
Capital expenditures	—	(10)
Proceeds from sale of property and equipment	211	—
Net cash (used in) provided by investing activities	(1,789)	4,489
Cash flows from financing activities:		
Repayment of long-term debt	—	(7,500)
Payment of long-term debt fees and issuance costs	—	(506)
Proceeds from common stock offering	5,440	5,040
Payment of common stock financing costs	(843)	(154)
Payment of exercise of common stock warrants	(800)	—
Proceeds from issuance of employee stock purchase plan	—	4
Proceeds from exercise of common stock warrants	—	14
Proceeds from exercise of common stock options	—	1
Payments for minimum statutory tax withholding related to net share settlement of equity awards	(122)	(4)
Net cash provided by (used in) provided by financing activities	3,675	(3,105)
Net decrease in cash, cash equivalents, and restricted cash	(7,655)	(26,998)
Cash, cash equivalents, and restricted cash - beginning of period	9,777	43,844
Cash, cash equivalents, and restricted cash - end of period	\$ 2,122	\$ 16,846

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (829)	\$ (4,407)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	7	251
Equity-based compensation	5	308
Amortization of right-of-use asset	194	180
Other	—	(105)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	218	157
Other noncurrent assets	—	180
Accounts payable	194	91
Accrued expenses	(43)	199
Other liabilities	(196)	(172)
Net cash used in operating activities	(450)	(3,318)
Cash flows from investing activities:		
Proceeds from sale of property and equipment	—	106
Net cash provided by investing activities	—	106
Cash flows from financing activities:		
Proceeds from common stock offering	—	5,440
Payment of common stock financing costs	—	(843)
Payments for minimum statutory tax withholding related to net share settlement of equity awards	—	(2)
Net cash provided by provided by financing activities	—	4,595
Net (decrease) increase in cash, cash equivalents, and restricted cash	(450)	1,383
Cash, cash equivalents, and restricted cash - beginning of period	2,016	9,777
Cash, cash equivalents, and restricted cash - end of period	\$ 1,566	\$ 11,160

See accompanying notes to the unaudited condensed consolidated financial statements.

EXICURE, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(in thousands)

	Nine Months Ended September 30,	
	2023	2022
Supplemental disclosure of cash flow information		
Non-cash investing activities:		
Other receivable from sale of property and equipment	\$ 711	\$ —

	Three Months Ended March 31,	
	2024	2023
Supplemental disclosure of cash flow information		
Non-cash investing activities:		
Reclassification of common stock warrants to liability	\$ —	\$ 800

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the unaudited condensed consolidated balance sheets that sum to the total of the amounts shown in the unaudited condensed consolidated statements of cash flows:

	September 30, 2023	December 31, 2022
	March 31, 2024	December 31, 2023
Cash and cash equivalents		
Restricted cash included in other noncurrent assets		
Total cash, cash equivalents, and restricted cash shown in the unaudited condensed consolidated statements of cash flows		

See accompanying notes to the unaudited condensed consolidated financial statements.

EXICURE, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data)

1. Description of Business, Basis of Presentation and Going Concern

Description of Business

Exicure, Inc. has historically been an early-stage biotechnology company focused on developing nucleic acid therapies targeting ribonucleic acid against validated targets. In September 2022, the Company announced a significant reduction in force, suspension of preclinical activities and halting of all research and development, and that the Company was exploring strategic alternatives to maximize stockholder value. While the foregoing efforts are continuing with respect to the Company's historical assets, the Company does not expect they will generate significant value for stockholders. Therefore, the Company is engaging in a broader exploration of strategic alternatives. This effort involves exploring growth through transactions with potential partners that see opportunity in joining an existing, publicly-traded organization. The Company is exploring transactions in industries unrelated to its historical operations.

Throughout these unaudited condensed consolidated financial statements, the terms the "Company," and "Exicure" refer to Exicure, Inc. and where appropriate, its wholly owned subsidiary, Exicure Operating Company. Exicure Operating Company holds all material assets and conducts all business activities and operations of Exicure, Inc.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, and for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**, 2023, have been presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and with instructions to Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended.

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of Exicure and its wholly owned subsidiary, Exicure Operating Company. All intercompany transactions and accounts are eliminated in consolidation.

Unaudited Interim Financial Information

The accompanying interim condensed consolidated balance sheet as of **September 30, 2023** **March 31, 2024**, the interim condensed consolidated statements of operations for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**, the interim condensed consolidated statements of comprehensive loss for the three and nine months ended **September 30, 2023** and **2022**, 2023, the interim condensed consolidated statements of changes in stockholders' equity for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**, 2023, and the interim condensed consolidated statements of cash flows for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022**, 2023 are unaudited. The interim unaudited condensed consolidated financial statements have been prepared on the same basis as the annual audited financial statements and with instructions to Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended; and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the Company's financial position as of **September 30, 2023** **March 31, 2024**, the results of its operations for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**, 2023, and the results of its cash flows for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022**, 2023. The financial data and other information disclosed in these notes related to the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022**, 2023 are unaudited. The results for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** are not necessarily indicative of results to be expected for the year ending **December 31, 2023** **December 31, 2024**, or any other interim periods, or any future year or period. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended **December 31, 2022** **December 31, 2023**, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on **March 27, 2023** **June 6, 2024**.

EXICURE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in thousands, except share and per share data)

Going Concern

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

The accompanying unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern for a period of one year after the date that the financial statements are issued. As of **September 30, 2023** **March 31, 2024**, the Company has generated an accumulated deficit of **\$206,913**, including **\$18,837** of additional paid-in capital reclassified to accumulated deficit upon C-corporation conversion, since inception and expects to incur significant expenses and negative cash flows for the foreseeable future. As of **September 30, 2023** **March 31, 2024**, the Company's cash and cash equivalents were **\$922**, **\$366**. Management believes that, given the Company's current cash position, operating plans and forecasted negative cash flows from operating activities over the next twelve months, there is substantial doubt about the Company's ability to continue as a going concern within one year after the date these financial statements are issued. Substantial additional financing will be needed by the Company to fund its operations.

Management believes that the Company's existing cash and cash equivalents are insufficient to continue to fund its operating expenses and additional funding is needed in the very near term. The Company has already engaged in significant cost reductions, so our ability to further cut costs and extend the Company's operating runway is limited. As a result, substantial additional financing will be needed by the Company in the very near term to pay expenses, fund the ongoing exploration of strategic alternatives and pursue any alternatives that may be identified. There can be no assurance that such additional financing will be available and, if available, can be obtained on acceptable terms.

The accompanying unaudited condensed consolidated financial statements have been prepared as though the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal 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 be necessary should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

The Company's significant accounting policies are disclosed in the audited consolidated financial statements and the notes thereto, which are included in the in the Company's Annual Report on Form 10-K (the "Annual Report") for the year ended **December 31, 2022** **December 31, 2023** filed with the SEC on **March 27, 2023**, as amended by Amendment No. 1 filed with the SEC on May 1, 2023 (the "Annual Report") **June 6, 2024**. Since the date of those audited consolidated financial statements, there have been no material changes to the Company's significant accounting policies, except for the investment in convertible notes receivable. policies.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates on certain assumptions which it believes are reasonable in the circumstances and while actual results could differ from those estimates, management does not believe that any change in those assumptions in the near term would have a significant effect on the Company's financial position, results of operations or cash flows. Actual results in future periods could differ from those estimates.

EXICURE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share data)

Investment in Convertible Notes Receivable

Securities are classified as current or noncurrent based on the remaining contractual maturities of the securities. Securities are designated by the Company at the point of investment, as either trading, AFS, or held to maturity. Under ASC 825, Financial Instruments, the Company elected the fair value option for all outstanding convertible notes receivable. Management evaluates the performance of the securities on a fair value basis. Under the fair value option, the notes receivable are measured at each reporting period based upon their exit value in an orderly transaction and unrealized gains or losses from changes in fair value are recorded in the Condensed Consolidated Statements of Operations.

Investment in convertible notes receivable at fair value totaled \$0 as of September 30, 2023. As of September 30, 2023, the aggregate cost of the investment in convertible notes receivable accounted for under the fair value option was \$0, which included principal balances of \$2,000 and the change in fair value of \$2,000.

Recent Accounting Pronouncements Adopted**Financial Instruments - Credit Losses**

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments (Topic 326) ("ASU 2016-13"). This ASU changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The standard replaces the "incurred loss" approach with an "expected loss" model. The new model, referred to as the current expected credit loss ("CECL") model, will apply to: (1) financial assets subject to credit losses and measured at amortized cost, and (2) certain off-balance sheet credit exposures. ASU 2016-13 also expands the disclosure requirements regarding an entity's assumptions, models, and methods for estimating the allowance for credit losses. ASU No. 2016-13 was effective for the Company beginning on January 1, 2020. The Company adopted this ASU in January 2023. There was no material impact on the condensed consolidated financial statements.

3. Supplemental Balance Sheet Information**Prepaid expenses and other current assets**

	September 30, 2023	December 31, 2022
Prepaid clinical, contract research and manufacturing costs	\$ —	\$ 213
Prepaid insurance	554	408
Prepaid franchise tax	330	223
Lease costs	296	111
Other	277	519
Prepaid expenses and other current assets	\$ 1,457	\$ 1,474

Other noncurrent assets

	September 30, 2023	December 31, 2022
Restricted cash	\$ 1,200	\$ 1,200
Prepaid insurance	1,892	2,252
Other	—	38
Other noncurrent assets	\$ 3,092	\$ 3,490

EXICURE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share data)

3. Supplemental Balance Sheet Information**Prepaid expenses and other current assets**

	March 31, 2024	December 31, 2023
Prepaid insurance	\$ 480	\$ 508
Prepaid franchise tax	160	259
Lease costs	250	235
Prepaid professional fees	70	95
Prepaid software	63	72
Other	73	24
Prepaid expenses and other current assets	\$ 1,096	\$ 1,193

Other noncurrent assets

	March 31, 2024	December 31, 2023
Restricted cash	\$ 1,200	\$ 1,200
Prepaid insurance	1,678	1,785
Other noncurrent assets	\$ 2,878	\$ 2,985

Property and equipment, net

	September 30, 2023	December 31, 2022
	March 31, 2024	December 31, 2023
Scientific equipment		
Computers and software		
Furniture and fixtures		
Property and equipment, gross		
Property and equipment, gross		
Property and equipment, gross		
Less: accumulated depreciation and amortization		
Property and equipment, net		

Depreciation and amortization expense was \$627 \$7 and \$882 \$251 for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. During the nine months ended September 30, 2023, the Company sold scientific equipment with a net book value of \$1,834 and recognized a loss of \$920 included in other income (expense) in the accompanying statement of operations for the nine months ended September 30, 2023.

Accrued expenses and other current liabilities

	September 30, 2023	December 31, 2022
Accrued clinical, contract research and manufacturing costs		
Accrued restructuring costs		
	March 31, 2024	December 31, 2023
Lease liability		
Lease liability		
Lease liability		
Accrued payroll-related expenses		
Accrued federal and state tax payable		
Accrued other expenses		
Accrued other expenses		
Accrued other expenses		
Accrued expenses and other current liabilities		

4. Leases

The Company's lease arrangements at September 30, 2023 March 31, 2024 consist of (i) a lease for office and laboratory space at its headquarters in Chicago, Illinois that commenced in July 2020 (the "Chicago Lease") and (ii) a lease for office equipment (the "Office Equipment Lease"). The Chicago Lease and the Office Equipment Lease are classified as operating leases.

EXICURE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data)

Chicago Lease

The Company has approximately thirty thousand square feet of office and laboratory space in Chicago, Illinois. The original term (the "Original Term") of the Chicago Lease is 10 years, commencing on July 1, 2020 (the "Commencement Date"), which is the date the premises were ready for occupancy under the terms of the Chicago Lease. The Company has options to extend the term of the Chicago Lease for two additional successive periods of five years each (the "Extension Periods") at the then prevailing effective market rental rate.

The initial annual base rent during the Original Term is approximately \$1,113 for the first 12-month period of the Original Term, payable in monthly installments beginning on the Commencement Date. Base rent thereafter is subject to annual increases of 3%, for an aggregate amount of \$12,761 over the Original Term. The Company must also pay its

proportionate share of certain operating expenses and taxes for each calendar year during the term. During the first 12-month period of the Original Term, the base rent and the Company's proportionate share of operating expenses and taxes were subject to certain abatements.

EXICURE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data)

The following table summarizes lease costs in the Company's unaudited condensed consolidated statement of operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
			2024	2023
Operating lease costs				
Variable lease costs				
Short term lease costs				

Total lease costs

The Company made cash payments for operating leases \$1,379 \$0 and \$2,364 \$646 during the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Amounts owed are included in accounts payable as of March 31, 2024. On June 11, 2024, the Company received a formal notice from its landlord indicating the landlord will draw on the restricted cash account designated for the lease as a result of past due rent for December 2023 through June 2024. This draw is within the terms and conditions of the lease and the related restricted cash account.

Sublease of Office Space

The Company entered into a sublease agreement with Cyclopure, Inc. (the "Subtenant") to sublease approximately 57% of its office space pursuant to that certain sublease agreement (the "Sublease Agreement"), dated as of May 4, 2023. The term of the Sublease Agreement began on May 15, 2023 and ends on June 30, 2030, the expiration date of the Chicago Lease. The first three months under the Sublease Agreement are rent free. Beginning August 15, 2023, the Company began charging the Subtenant for 57% of the base rent under the Chicago Lease, and the subtenant is responsible for its pro rata share of operating expenses and taxes payable. In 2024, the Company does not receive payment from the Subtenant as the Subtenant pays the Company's landlord directly.

The following table summarizes sublease receipts in the Company's unaudited condensed consolidated statement of operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023		2023	
Sublease receipts	\$	179	\$	179
Total	\$	179	179000\$	179

	Three Months Ended March 31,	
	2024	2023
Sublease amounts paid to landlord	\$	173
Total	\$	173

EXICURE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data)

5. Investment in Convertible Notes Receivable

In May 2023, the Company entered into two subscription agreements to purchase non-guaranteed private placement convertible **bonds notes receivable** (the "**Bonds**" "**Notes Receivable**") for a subscription amount of \$1 million each. The **Bonds Notes Receivable** mature in May 2026 and the yield to maturity is 4.5% per annum. The Company has the option to request that the issuer redeem part or the entire principal amount of the **Bonds Notes Receivable** on the first anniversary after the issue date and every three months thereafter before the maturity date. The conversion ratio will be one hundred percent (100%) of the **Bond's Notes Receivable's** face value. The Company also has the ability to convert the debt into shares based on the number of shares computed by dividing the face value of each security by a calculated conversion price, which is subject to adjustment provisions, determined at the time of issuance. The securities may be converted from May 3, 2024, the first anniversary of the issue date of the first agreement, to April 15, 2026, one month prior to the maturity date to the second agreement. In March 2024, the Company notified the issuer of the **Bonds Notes Receivable** that it was exercising its redemption right with respect to the entire principal amount of the **Bonds Notes Receivable** after the first anniversary of their issue dates (May 3 and May 16, 2024, respectively) for an aggregate redemption price of \$2.090 million (representing the principal amount plus 4.5% per annum yield to the redemption date).

EXICURE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share The issuer has taken the position that the Notes Receivable are not redeemable until August 3, 2024 and per share data)

August 16, 2024.

The Company's debt securities are classified as AFS pursuant to **ASC Accounting Standards Codification ("ASC") 320 - Investments - Debt Securities**. AFS securities are recorded at fair value. As of **September 30, 2023 March 31, 2024 and December 31, 2023**, management does not believe these AFS investments are recoverable and **booked a change in fair value to record recorded** them at a fair value of \$0. **The Company held no AFS debt securities as of December 31, 2022.**

6. Stockholders' Equity

Preferred Stock

As of **September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023**, the Company had 10,000,000 shares of preferred stock, par value \$0.0001 authorized and no shares issued and outstanding.

Common Stock

As of **September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023**, the Company had authorized 200,000,000 shares of common stock, par value \$0.0001. As of **September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023**, the Company had **8,650,515 8,650,950** shares and **4,965,901 8,650,753** shares issued and outstanding, respectively.

The holders of shares of the Company's common stock are entitled to one vote per share on all matters to be voted upon by the Company's stockholders and there are no cumulative rights. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of shares of the Company's common stock are entitled to receive ratably any dividends that may be declared from time to time by the Board of Directors (the "Board") out of funds legally available for that purpose. In the event of the Company's liquidation, dissolution or winding up, the holders of shares of the Company's common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock then outstanding. The Company's common stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the Company's common stock. The outstanding shares of the Company's common stock are fully paid and non-assessable.

EXICURE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share data)

September 2022 PIPE (Private Investment in Public Equity)

Securities Purchase Agreement

On September 26, 2022, the Company entered into a securities purchase agreement (the "Securities Purchase Agreement") with CBI USA, Inc. ("CBI USA"), pursuant to which the Company agreed to issue and sell to CBI USA in a private placement an aggregate of 3,400,000 shares of Common Stock, at a purchase price of \$1.60 per share. The private placement closed on February 24, 2023 (the "Closing Date"). The Company received gross proceeds of \$5,440 from the September 2022 PIPE (or net proceeds of \$4,597 after transaction expenses).

CBI USA funded the acquisition pursuant to the Securities Purchase Agreement through a loan from its affiliate, DGP Co., Ltd. ("DGP"). On June 23, 2023, DGP exercised its the option pursuant to the loan and acquired the 3,400,000 shares of Common Stock initially acquired by CBI USA pursuant to the Securities Purchase Agreement. DGP subsequently agreed to sell its shares to a third party, with the closing of 10% (340,000 shares) occurring in February 2024 and the remainder to close by or on June 30, 2024.

The Securities Purchase Agreement, as confirmed and clarified by that certain letter agreement, dated October 31, 2022, between the Company and CBI USA, provided CBI USA together with its affiliates and any "group" of which it or they are a member with the right to designate directors to the Company's board of directors in proportion to the ownership of CBI USA and its affiliates and any such group. CBI USA and DGP have announced they expect to exercise such rights as a group. Together, they beneficially own 45% of the outstanding shares of Common Stock based on their most recent Schedule 13D amendment. As noted above, DGP has entered into an agreement to sell its remaining shares to a third party by or on June 30, 2024.

EXICURE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data)

September 2022 Registration Rights Agreement

In connection with the Securities Purchase Agreement, the Company entered into a registration rights agreement with CBI USA (the "Registration Rights Agreement"). CBI USA assigned its rights under the Registration Rights Agreement to DGP when DGP acquired the 3,400,000 shares of Common Stock initially sold to CBI USA. Pursuant to the Registration Rights Agreement, the Company agreed to file a registration statement covering the resale of the shares of Common Stock sold pursuant to the Securities Purchase Agreement, to use reasonable best efforts to cause such registration statement to become effective as promptly as practicable, and to keep such registration statement continuously effective until the earlier of (i) the date the shares covered by such registration statement have been sold or may be resold pursuant to Rule 144 without restriction, or (ii) the date that is two (2) years following the Closing Date.

In the event the registration statement was not filed within 90 days following the Closing Date, subject to certain limited exceptions, the Company agreed to make payments as liquidated damages in an amount equal to 0.5% of the aggregate amount invested in the shares of Common Stock pursuant to the Securities Purchase Agreement per 30-day period or pro rata for any portion thereof for each such month during which such event continues, subject to certain caps set forth in the Registration Rights Agreement. We have paid \$27 to CBI USA and accrued **\$82 \$191** to DGP pursuant to this provision.

May 2022 PIPE

Securities Purchase Agreement

On May 9, 2022, the Company entered into a securities purchase agreement (the "May 2022 Securities Purchase Agreement") with certain accredited investors (the "Investors"), pursuant to which the Company agreed to issue and sell to the Investors in a private placement an aggregate of 867,369 shares (the "May 2022 PIPE Shares") of the Company's Common Stock, par value \$0.0001 per share, at a purchase price of \$5.81 per share (the "May 2022 PIPE"). The May 2022 PIPE closed on May 18, 2022 (the "May 2022 PIPE Closing Date"). The Company received aggregate net proceeds from the May 2022 PIPE of approximately \$4,886 after deducting transaction-related expenses.

Registration Rights Agreement

Also, on May 9, 2022, the Company entered into a registration rights agreement (the "May 2022 Registration Rights Agreement") with the Investors, pursuant to which the Company agreed to register the resale of the May 2022 PIPE Shares. Under the May 2022 Registration Rights Agreement, the Company agreed to file a registration statement covering the resale of the Shares no later than July 18, 2022. On July 11, 2022, the Company filed a registration statement on Form S-3 with the SEC for the resale of the Shares and caused the registration statement to become effective on July 20, 2022.

The Company has granted the Investors customary indemnification rights in connection with the registration statement. The Investors have also granted the Company customary indemnification rights in connection with the registration statement.

EXICURE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data)

Registered Direct Offering

On December 16, 2021, the Company completed a securities purchase agreement (the "Purchase Agreement") with certain institutional purchasers (the "Purchasers") entered into on December 14, 2021, pursuant to which the Company offered to the Purchasers, in a registered direct offering priced at-the-market consistent with the rules of Nasdaq (the "Registered Direct Offering"), (i) an aggregate of 433,553 shares (the "Shares") of the Company's common stock, \$0.0001 par value per share, (ii) pre-funded warrants to purchase up to an aggregate of 718,981 shares of Common Stock (the "Pre-Funded Warrants"), and (iii) warrants to purchase up to 576,261 shares of Common Stock (the "Warrants"). The combined purchase price of each share of Common Stock and accompanying Warrant is \$9.9780 per share. The combined purchase price of each Pre-Funded Warrant and accompanying Warrant is \$9.9480 (equal to the combined purchase price per share of Common Stock and accompanying Warrant, minus \$0.03). The per share exercise price for the Warrants is \$8.1031, the closing bid price of the Company's Common Stock on December 13, 2021 (and as adjusted for the reverse stock split referenced in Note 1). The Warrants will be exercisable immediately from the closing December 16, 2021, and will expire on the five-year anniversary of the date of issuance, or December 16, 2026. The Pre-Funded Warrants and Warrants, which met equity classification, were recognized as a component of permanent stockholders' equity within additional paid-in-capital together with the net proceeds from the Registered Direct Offering. The gross proceeds to the Company from the Registered Direct Offering (excluding effect of subsequent exercises of pre-funded warrants) were \$11,478 and net proceeds after deducting the placement agent's fees and other offering expenses paid or payable by the Company were \$10,226. The securities were offered by the Company pursuant to an effective shelf registration statement on Form S-3 (File No. 333-251555) previously filed with the Securities and Exchange Commission (the "SEC") on December 21, 2020, and which was declared effective by the SEC on January 7, 2021 (the "Registration Statement").

Each Warrant is exercisable for one share of Common Stock at an exercise price of \$8.1031 per share. The Warrants are immediately exercisable as of the date of issuance of December 16, 2021 and will expire on the five-year anniversary of the date of issuance, or December 16, 2026. The Pre-Funded Warrants were offered in lieu of shares of Common Stock to one of the Purchasers whose purchase of shares of Common Stock in the Registered Direct Offering would otherwise result in said Purchaser, together with its affiliates and certain related parties, beneficially owning more than 4.99% (or, at the election of the Purchaser, 9.99%) of the Company's outstanding Common Stock immediately following the consummation of the Registered Direct Offering. Each Pre-Funded Warrant is exercisable for one share of Common Stock at an exercise price of \$0.030 per share. The Pre-Funded Warrants are immediately exercisable and may be exercised at any time until all of the Pre-Funded Warrants are exercised in full.

A holder (together with its affiliates) of the Warrant or Pre-Funded Warrant may not exercise any portion of the Warrant or Pre-Funded Warrant, as applicable, to the extent that the holder would own more than 4.99% (or, at the holder's option upon issuance, 9.99%) of the Company's outstanding Common Stock immediately after exercise, as such percentage ownership is determined in accordance with the terms of the Warrant or Pre-Funded Warrant, as applicable. In lieu of making the cash payment otherwise contemplated to be made to the Company upon exercise of a Warrant in payment of the aggregate exercise price, the holder may elect instead to receive upon such exercise (either in whole or in part) the net number of shares of Common Stock determined according to a formula set forth in the Warrants, provided that such cashless exercise shall only be permitted if the Registration Statement is not effective at the time of such exercise or if the prospectus to which the Registration Statement is a part is not available for the issuance of shares of Common Stock to the Warrant holder.

In lieu of making the cash payment otherwise contemplated to be made to the Company upon exercise of a Pre-Funded Warrant in payment of the aggregate exercise price, the holder may elect instead to receive upon such exercise (either in whole or in part) the net number of shares of Common Stock determined according to a formula set forth in the Pre-Funded Warrants.

EXICURE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in thousands, except share and per share data)

Common Stock Warrants

In January 2022, Pre-Funded Warrants were exercised for a total exercise price of \$14, resulting in the issuance of 466,666 shares of common stock. As of September 30, 2023, there are no unexercised pre-funded warrants that are outstanding.

Warrants to purchase 576,261 shares of common stock at a price of \$8.1031 per share were acquired in the December 2021 registered-direct offering transaction. The warrants were classified as equity. As a result of the closing of the September 2022 PIPE, a warrant holder elected to exercise their option within 30 days of the closing of the September 2022 PIPE (February 24, 2023) to receive a cash payout for the outstanding warrants in the amount of the Black-Scholes value of each warrant as prescribed in the warrant agreement. The Company paid \$800 to this warrant holder on June 23, 2023 and 526,151 were settled as a result. As of September 30, 2023 March 31, 2024, warrants to purchase 50,110 shares of common stock at a price of \$8.1031 per share that were acquired in the December 2021 registered-direct offering transaction remain outstanding.

7. Equity-Based Compensation

2017 Equity Incentive Plan

On September 22, 2017, the Company's stockholders approved the Exicure, Inc. 2017 Equity Incentive Plan (the "2017 Plan"), which became effective on November 15, 2017. The 2017 Plan provides for the issuance of incentive awards of up to 194,750 shares of Exicure common stock, which includes 72,330 shares of Exicure common stock to be issued to officers, employees, consultants and directors, plus a number of shares not to exceed 122,793 that are subject to issued and outstanding awards under the Exicure OpCo 2015 Equity Incentive Plan (the "2015 Plan") and were assumed in the merger transaction on September 26, 2017. Awards that may be awarded under the 2017 Equity Incentive Plan include non-qualified and incentive stock options, stock appreciation rights, bonus shares, restricted stock, restricted stock units, performance units and cash-based awards. The number of shares of common stock reserved for issuance under the 2017 Equity Incentive Plan automatically increases on January 1 of each year, beginning on January 1, 2020, by the lesser of (i) 153,333 shares, (ii) 5% of the total number of shares of its capital stock outstanding on December 31 of the preceding calendar year, or (iii) a lesser number of shares determined by the Compensation Committee of the Board (the "Compensation Committee"). No future awards will be made under the 2015 Plan upon the effectiveness of the 2017 Plan. On January 1, 2023, pursuant to the terms of the 2017 Plan, the number of awards that are reserved and may be awarded under the 2017 Plan was automatically increased by 153,333 awards.

As of September 30, 2023 March 31, 2024, the aggregate number of equity awards available for grant under the 2017 Equity Incentive Plan was 454,360. 455,765.

Awards granted under the 2017 Plan are contingent on the participants' continued employment or provision of non-employee services and are subject to forfeiture if employment or continued service terminates for any reason. The initial award granted to an employee or consultant generally vests 25% on the first 12-month anniversary of the grant date and vests 1/48th monthly thereafter until fully vested at the end of 48 months. Subsequent awards granted to employees or consultants generally vest 1/48th monthly until fully vested at the end of 48 months. The initial stock option grant to a non-employee director vests 1/36th monthly until fully vested at the end of 36 months. Subsequent stock option grants to a non-employee director vests 1/12th monthly until fully vested at the end of 12 months. The term of common stock option grants is 10 years unless terminated earlier as described above.

EXICURE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in thousands, except share and per share data)

Employee Stock Purchase Plan

The 2017 Employee Stock Purchase Plan (the "ESPP") was adopted by the Board in September 2017 and approved by the Company's stockholders in September 2017. Through the ESPP, eligible employees may authorize payroll deductions of up to 15% of their compensation to purchase common stock. The maximum number of shares that an employee may purchase on any exercise date in an offer period will be the smaller of (i) 250 shares or (ii) such number of shares as has a fair market value (determined as of the offering date for such offer period) equal to \$25,000 within one calendar year minus the fair market value of any other shares of common stock that are attributed to such calendar year. The purchase price per share at each purchase date is equal to 85% of the lower of (i) the closing market price per share of Exicure common stock on the employee's offering date or (ii) the closing market price per share of Exicure common stock on the exercise date.

The ESPP provides that the number of shares reserved and available for issuance will automatically increase each January 1, beginning on January 1, 2018 and each January 1 thereafter through January 1, 2027, by the least of (i) 10,000 shares; (ii) 0.3% of the outstanding shares of common stock on the last day of the immediately preceding calendar year; or (iii) a lesser number of shares determined by the Board. On January 1, 2023, the number of shares of common stock available for issuance under the ESPP increased by 10,000 shares. As of **September 30, 2023** **March 31, 2024**, there were **51,971** **61,971** shares available for issuance under the ESPP.

Equity-based compensation expense is classified in the statements of operations as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
			2024	2023
Research and development expense				
General and administrative expense				
				\$

Unamortized equity-based compensation expense at **September 30, 2023** **March 31, 2024** was **\$586**, **\$27**, which is expected to be amortized over a weighted-average period of **1.9** **1.6** years.

The Company utilizes the Black-Scholes option-pricing model to determine the fair value of common stock option grants. The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model also requires the input of highly subjective assumptions. **No options were granted during the three months ended March 31, 2024.** The following table presents the assumptions used in the Black-Scholes option-pricing model for stock options granted during the **nine** **three** months ended **September 30, 2023** and **2022**; **March 31, 2023**:

	Nine Months Ended September 30,	Nine Months Ended September 30,
	2023	2022
Expected term	5.8 to 5.8 years	5.3 to 6.1 years
Risk-free interest rate	3.83% to 3.83%; weighted avg. 3.83%	2.86% to 3.56%; weighted avg. 2.90%
	100.9% to 100.9%; weighted avg.	
Expected volatility	100.9%	95.2% to 95.8%; weighted avg. 95.2%
Forfeiture rate	5 %	5 %
Expected dividend yield	— %	— %

	Three Months Ended March 31,
	2023
Expected term	5.8 to 5.8 years
Risk-free interest rate	3.83% to 3.83%; weighted avg. 3.83%
Expected volatility	101.0% to 101.0%; weighted avg. 101.0%
Forfeiture rate	5 %
Expected dividend yield	— %

EXICURE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data)

The expected term is based upon the “simplified method” as described in Staff Accounting Bulletin Topic 14.D.2. Currently, the Company does not have sufficient experience to provide a reasonable estimate of an expected term of its common stock options. The Company will continue to use the “simplified method” until there is sufficient experience to provide a more reasonable estimate in conformance with ASC 718-10-30-25 through 30-26. The risk-free interest rate assumptions were based on the U.S. Treasury bond rate appropriate for the expected term in effect at the time of grant. For stock options granted after December 31, 2021, the expected volatility is based on the volatility of shares of the

Company. For stock options granted prior to January 1, 2022, the expected volatility is based on calculated enterprise value volatilities for publicly traded companies in the same industry and general stage of development. The estimated forfeiture rates were based on historical experience for similar classes of employees. The dividend yield was based on expected dividends at the time of grant.

The fair value of the underlying common stock and the exercise price for the common stock options granted during the **nine three** months ended **September 30, 2023 and 2022 March 31, 2023** are summarized in the table below. **No options were granted during the three months ended March 31, 2024.**

Common Stock Options Granted During Period Ended:	Fair Value of Underlying Common Stock	Exercise Price of Common Stock Option
Nine Three months ended September 30, 2023 March 31, 2023	\$1.58; weighted avg. \$1.58	\$1.58; weighted avg. \$1.58
Nine months ended September 30, 2022	\$3.46 to \$5.51; weighted avg. \$4.56	\$3.46 to \$5.51; weighted avg. \$4.56

The weighted-average grant date fair value of common stock options granted in the **nine three** months ended **September 30, 2023 March 31, 2023** was \$1.26 per common stock option.

A summary of common stock option activity as of the periods indicated is as follows:

	Options	Options	Weighted-Average Exercise Price ⁽¹⁾	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (thousands)	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (thousands)
Outstanding - December 31, 2022									
Outstanding - December 31, 2023									
Granted									
Exercised									
Exercised									
Exercised									
Forfeited									
Forfeited									
Forfeited									
Outstanding - September 30, 2023									
Outstanding - March 31, 2024									
Outstanding - September 30, 2023									
Outstanding - March 31, 2024									
Outstanding - September 30, 2023									
Exercisable - September 30, 2023									
Vested and Expected to Vest - September 30, 2023									
Outstanding - March 31, 2024									
Exercisable - March 31, 2024									
Vested and Expected to Vest - March 31, 2024									

⁽¹⁾ On March 24, 2022, the Company's Board of Directors unanimously approved the repricing of all outstanding and unexercised stock options granted under our 2015 Equity Incentive Plan and 2017 Equity Incentive Plan and held by its current employees, executive officers, and directors. Effective April 1, 2022, the exercise price of the eligible stock options was reduced to \$5.51, the closing price of our common stock on April 1, 2022. See below section titled "Repricing of Outstanding and Unexercised Options" for more information.

EXICURE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data)

A summary of restricted stock unit activity of the periods indicated is as follows:

	Restricted Stock Units	Restricted Stock Units	Weighted-Average Grant Date Fair Value	Restricted Stock Units	Weighted-Average Grant Date Fair Value
Unvested balance - December 31, 2022					
Unvested balance - December 31, 2023					
Granted					
Settled					
Vested					
Vested					
Vested					
Forfeited					
Forfeited					
Forfeited					
Unvested balance - September 30, 2023					
Unvested balance - March 31, 2024					

The grant date fair value of restricted stock units is based on the Company's closing stock price at the date of grant. At vesting, each outstanding restricted stock unit will be exchanged for one share of the Company's common stock. Restricted stock units generally vest evenly on a quarterly basis over a period of 4 years in exchange for continued service provided by the restricted stock unit recipient during that vesting period.

A summary of performance-based restricted stock unit activity of the periods indicated is as follows:

	Performance-Based Restricted Stock	
	Units	Weighted-Average Grant Date Fair Value
Unvested balance - December 31, 2022	97,643	\$ 3.45
Granted	—	—
Settled	(97,643)	1.91
Unvested balance - September 30, 2023	—	\$ —

8. Income Taxes

The Company incurred a pretax loss in each of the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, which consists entirely of loss in the United States and resulted in no provision for income tax expense during the periods then ended. The effective tax rate is 0% in each of the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023 because the Company has generated tax losses and has provided a full valuation allowance against its deferred tax assets.

9. Loss Per Common Share

Basic loss per common share is calculated by dividing net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted loss per common share is calculated using the treasury share method by giving effect to all potentially dilutive securities that were outstanding. Potentially dilutive options, restricted stock units and warrants to purchase common stock that were outstanding during the periods presented were excluded from the diluted loss per share calculation for the periods presented because such shares had an anti-dilutive effect due to the net loss reported in those periods. Therefore, basic and diluted loss per common share is the same for each of the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023.

The following is the computation of loss per common share for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023:

	Three Months Ended	
	March 31,	
	2024	2023
Net loss	\$ (829)	\$ (4,407)
Weighted-average basic and diluted common shares outstanding	8,650,878	6,288,952
Loss per share - basic and diluted	\$ (0.10)	\$ (0.70)

EXICURE, INC.

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(in thousands, except share and per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Net loss	\$ (5,256)	\$ (5,160)	\$ (15,427)	\$ (20,978)
Weighted-average basic and diluted common shares outstanding	8,650,402	4,963,344	7,799,233	4,502,962
Loss per share - basic and diluted	\$ (0.61)	\$ (1.04)	\$ (1.98)	\$ (4.66)

The outstanding securities presented below were excluded from the calculation of loss per common share, for the periods presented, because such securities would have been anti-dilutive due to the Company's loss per share during that period:

	As of September 30,	
	2023	2022
	As of March 31,	
	2024	2023
Options to purchase common stock		
Restricted stock units		
Performance stock units		
Warrants to purchase common stock		

10. Fair Value Measurements

ASC Topic 820, *Fair Value Measurement*, establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value, as follows: Level 1 Inputs - unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date; Level 2 Inputs - other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability; and Level 3 Inputs - unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Assets measured at fair value on a recurring basis as of **September 30, 2023** **March 31, 2024** are as follows:

	Total	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<u>Assets</u>									
Cash equivalents:									
Cash equivalents:									
Cash equivalents:									
Money market funds									
Money market funds									
Money market funds									
Short-term investments:									
Short-term investments:									
Short-term investments:									
Investment in convertible notes receivable									
Investment in convertible notes receivable									
Investment in convertible notes receivable									
Total financial assets									
Total financial assets									
Total financial assets									

Assets measured at fair value on a recurring basis as of **December 31, 2022** **December 31, 2023** are as follows:

	Total	Level 1	Level 2	Level 3
<u>Assets</u>				
Cash equivalents:				
Money market funds	\$ 1,612	\$ 1,612	\$ —	\$ —
Total financial assets	\$ 1,612	\$ 1,612	\$ —	\$ —

EXICURE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data)

	Total	Level 1	Level 2	Level 3
Assets				
Cash equivalents:				
Money market funds	\$ 1,629	\$ 1,629	\$ —	\$ —
Short-term investments:				
Investment in convertible notes receivable	—	—	—	—
Total financial assets	\$ 1,629	\$ 1,629	\$ —	\$ —

The Company uses the market approach and Level 1 and Level 2 inputs to value its cash equivalents and Level 2 inputs to value its short-term investments. The Company uses the market approach and Level 3 inputs to value its liabilities. There were no liabilities measured at fair value on a recurring basis as of December 31, 2022 as of December 31, 2023 nor March 31, 2024.

Warrant Liability

A summary of the warrant liability activity for the nine months ended September 30, 2023 is as follows:

	Warrants Outstanding	Fair Value Per Share	Fair Value
(in thousands, except per share data)			
Balance at December 31, 2022	—	\$ —	\$ —
Option to exercise	526	\$ 1.52	\$ 800
Payment to warrant holder	(526)	\$ 1.52	\$ (800)
Balance at September 30, 2023	—	\$ —	\$ —

Investment

EXICURE, INC.

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(in convertible notes receivable thousands, except share and per share data)

A summary of the AFS activity for the nine months ended September 30, 2023 is as follows:

	Fair Value
Balance at December 31, 2022	\$ —
Investment in available for sale securities	2,000
Change in fair value of investment in convertible notes receivable	(2,000)
Balance at September 30, 2023	\$ —

As of September 30, 2023, management does not believe these AFS investments are recoverable and booked a change in fair value of \$2,000.

There were no transfers between Level 1, 2, or 3, during the years three months ended December 31, 2023 March 31, 2024, and 2022, 2023. Both observable and unobservable in puts were used to determine fair value of the positions that the Company classified within the Level 3 category. Unrealized gains and losses associated within the Level 3 category include changes in fair value that were attributable to both observable and unobservable inputs.

11. Commitments and Contingencies

Legal Proceedings

On December 13, 2021, Mark Colwell filed a putative securities class action lawsuit against the Company, David A. Giljohann and Brian C. Bock in the United States District Court for the Northern District of Illinois, captioned Colwell v. Exicure, Inc. et al., Case No. 1:21-cv-0663. On February 4, 2021, plaintiff filed an amended putative securities class action complaint. On March 20, 2023, the court entered an order appointing James Mathew as lead plaintiff and Bleichmar Fonti & Auld LLP as lead counsel in the action pursuant to the Private Securities Litigation Reform Act of 1995. On May 26, 2023, lead plaintiff filed a second amended complaint against the Company, Dr. Giljohann, Mr. Bock, and Grant Corbett. The second amended complaint alleges that Dr. Giljohann, Mr. Bock, and Dr. Corbett made materially false and/or misleading statements related to the Company's clinical programs purportedly causing losses to investors who acquired Company securities between January 7, 2021 and December 10, 2021. The second amended complaint does not quantify any alleged damages but, in addition to attorneys' fees and costs, lead plaintiff seeks to recover damages on behalf of himself and others who acquired the Company's stock during the putative class period at allegedly inflated prices and purportedly suffered financial harm as a result. The Case parties filed a joint status report noting the mediation efforts taken by the parties. The report also proposes a litigation schedule going forward, which the Court adopted: plaintiff's third amended complaint is currently stayed until due on or before June 28, 2024, and any motion to dismiss is due on or before August 27, 2024, with response due on or before October 8, 2024 and any reply due on or before November 5, 2024. Accordingly, the status hearing set for May 22, 2024 is reset to permit the parties to complete the voluntary private mediation. July 23, 2024.

On March 1, 2022, Kapil Puri filed a shareholder derivative lawsuit on behalf of the Company in the United States District Court for the Northern District of Illinois, against Dr. Giljohann and Mr. Bock, Jeffrey L. Cleland,

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Elizabeth Garofalo, Bosun Hau, Bali Muralidhar, Andrew Sassine, Matthias Schroff, James Sulat and Timothy Walbert, captioned Puri v. Giljohann, et al., Case No. 1:22-cv-01083. On March 8, 2022, Yixin Sim filed a similar shareholder derivative lawsuit in the same court against the same individuals, captioned Sim v. Giljohann, et al., Case No. 1:22-cv-01217. On April 25, 2022, Stourbridge Investments LLC filed a similar shareholder derivative lawsuit against the same individuals in the United States District Court for the District of Delaware, captioned Stourbridge Investments LLC v. Exicure, Inc. et al., Case No. 1:22-cv-00526. Based on similar factual allegations presented in the Colwell complaint, described above, the Puri, Sim, and Stourbridge complaints (collectively, the "Derivative Complaints") allege that the defendants caused the Company to issue false and/or misleading statements in the proxy statement for its 2021 Annual Meeting of Stockholders regarding risk oversight, code of conduct, clinical program and compensation matters, among other things, in violation of federal securities law, and committed breaches of fiduciary duties. The Derivative Complaints also assert that Dr. Giljohann and Mr. Bock are liable for contribution under the federal securities laws. The Puri and Stourbridge complaints further assert state law claims for unjust enrichment, and the Puri complaint additionally asserts state law claims for abuse of control, gross mismanagement and corporate waste. The plaintiffs do not quantify any alleged damages in the Derivative Complaints, but seek restitution for damages to the Company, attorneys' fees, costs, and expenses, as well as an order directing that certain proposals for strengthening board oversight be put to a vote of the Company's shareholders.

On March 18, 2022, James McNabb, through counsel, sent a written demand to the Company (the "Demand Letter") demanding that the Board of Directors investigate certain allegations and commence proceedings on the Company's behalf against certain of the Company's officers and directors for alleged breaches of fiduciary duties and corporate waste. All of the Derivative Cases have been stayed pending a decision on any motion to dismiss that may be filed in the Colwell case. **In addition, the Stourbridge case has been administratively closed pending the decision on motion to dismiss that may be filed in the Colwell case.** Further, pursuant to agreement, the Demand Letter is being held in abeyance and any related statute of limitations tolled pending such motion and decision.

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On October 3, 2023, a former employee filed a complaint against the Company and its executives related to the former employee's separation from the Company. **The parties will proceed with paper discovery and an in-person settlement conference is scheduled for June 26, 2024.**

Northwestern University License Agreements

On December 12, 2011, (1) AuraSense, LLC, the Company's former parent, assigned to the Company all of its worldwide rights and interests under AuraSense, LLC's 2009 license agreement with Northwestern University ("NU") in the field of the use of nanoparticles, nanotechnology, microtechnology or nanomaterial-based constructs as therapeutics or accompanying therapeutics as a means of delivery, but expressly excluding diagnostics (the "assigned field"); (2) in accordance with the terms and conditions of this assignment, the Company assumed all liabilities and obligations of AuraSense, LLC as set forth in its license agreement in the assigned field; and (3) in order to secure this assignment and the patent rights from NU, the Company agreed (i) to pay NU an annual license fee, which may be credited against any royalties due to NU in the same year, (ii) to reimburse NU for expenses associated with the prosecution and maintenance of the license patent rights, (iii) to pay NU royalties based on any net revenue generated by the Company's sale or transfer of any licensed product, (iv) to pay NU, in the event the Company grants a sublicense under the licensed patent rights, the greater of a percentage of all sublicensee royalties or a percentage of any net revenue generated by a sublicensee's sale or transfer of any licensed product, and (v) to pay NU a percentage of all other sublicense payments received by the Company. In August 2015, the Company entered into a restated license agreement with NU (the "Restated License Agreement"). In February 2016, the Company obtained exclusive license as to NU's rights in certain SNA technology it jointly owns with NU (the "Co-owned Technology License"). The Company's license to NU's rights is limited to the assigned field, however the Company has no such limitation as to its own rights in this jointly owned technology. The Company's rights and obligations in the Co-owned Technology License agreement is substantially the same as in the Restated License Agreement from August 2015 (collectively referred to as "the Northwestern University License Agreements"). As of **September 30, 2023** **March 31, 2024**, the Company has paid to NU an aggregate of \$11,567 in consideration of each of the obligations described above.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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On August 3, 2023, the company received a notice letter (the "Letter") from counsel for NU alleging the Company breached the Northwestern University License Agreements. The Letter alleges that a lack of development required under the Northwestern University License Agreements is a breach. The Northwestern University License Agreements were subsequently terminated on September 10, 2023 and October 3, 2023, respectively.

Leases

Refer to Note 4, Leases, for a discussion of the commitments associated with the Company's lease agreements.

12. Related-Party Transactions

Pursuant to a Consulting Agreement, effective as of September 25, 2022, between the Company and Alta Companies LTD ("Alta"), the Company paid Alta \$218 on February 27, 2023 for a consulting fee earned as a result of the September 2022 PIPE closing. Paul Kang, a director of the Company since February 2023 and the CEO of the Company since August 2023, is the President of Alta.

13. License Agreement

On February 5, 2024, the Company entered into a patent license agreement to develop cavitrolimod for potential treatment for hepatitis with a private clinical stage biopharmaceutical company. Under the terms of the agreement, this biopharmaceutical company will receive an exclusive license in the field of hepatitis to all of the Company's relevant patents. An initial payment of \$500 was paid to the Company after the execution of this agreement. This payment was recognized as revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. The Company will also be entitled to modest royalties on future net sales on all licensed technology during the term of the licensed patents. The Company will be responsible for, and make all decisions concerning, the

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preparation, filing, prosecution, and maintenance for each patent and patent application included within the licensed patents.

14. Subsequent Events

On May 3, 2024, the Company executed a promissory note ("Note") and subsequently received a loan in the amount of \$300 from an individual investor. All principal and accrued interest will be due and payable on the earlier of (i) the 1st anniversary of the date of this Note or (ii) upon an event of default, at that time, such amounts declared by the investor will become due and payable by Company. Interest will accrue on this Note at 6.0% and is payable at maturity.

On June 3, 2024, the Company executed another promissory note ("DGP Note") and subsequently received a loan in the amount of \$700 from DGP, a related party. All principal and accrued interest will be due and payable on the earlier of (i) the ten-month anniversary of the date of this DGP Note or (ii) upon an event of default, at that time, such amounts declared by the investor will become due and payable by Company. Interest will accrue on this DGP Note at 6.0% and is payable at maturity.

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

The following information should be read in conjunction with our unaudited condensed consolidated financial statements and the notes thereto included in this Quarterly Report on Form 10-Q and the audited financial information and the notes thereto included in our Annual Report on Form 10-K (the "Annual Report") for the year ended December 31, 2022 December 31, 2023, which was filed with the Securities and Exchange Commission, or SEC, on March 27, 2023, as amended by Amendment No. 1 filed with the SEC on May 1, 2023 (the "Annual Report") June 6, 2024. This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that involve significant risks and uncertainties. Our actual results, performance or experience could differ materially from what is indicated by any forward-looking statement due to various important factors, risks, uncertainties, assumptions and other factors including, but not limited to, those identified in this Quarterly Report on Form 10-Q and those set forth under the section titled "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q and in our other SEC filings.

Overview

Historically, we have been an early-stage biotechnology company focused on developing nucleic acid therapies targeting ribonucleic acid against validated targets. In September 2022, we announced a significant reduction in force, suspension of preclinical activities and halting of all research and development, and that we were exploring strategic alternatives to maximize stockholder value. While the foregoing efforts are continuing with respect to our historical assets, we do not expect they will generate significant value for stockholders. For example, in February 2024, we announced a licensing deal for patents related to one of our historical drug candidates, and received a small, one-time payment and an entitlement to only modest royalties on future sales of the licensed technology that we do not believe will be material. Therefore, we are engaging in a broader exploration of strategic alternatives. This effort involves exploring growth through transactions with potential partners that see opportunity in joining an existing, publicly-traded organization. We are exploring transactions in industries unrelated to our historical operations.

Because we currently have no source of revenue or committed financing, we will require substantial additional funding in the very near term in order to continue to operate and continue our exploration of strategic alternatives and consummate any transactions that we may identify.

Operating, financing, and cash flow considerations

Since our inception in 2011, we have primarily funded our operations through sales of our securities, loans and collaborations. On February 24, 2023, we raised gross proceeds of \$5.4 million on the closing of the Private Placement (as defined below) (or net proceeds of approximately \$4.6 million after transaction expenses). However, we have largely already used these net proceeds for severance payments, warrant put payments, acquisition of the Bonds Notes Receivable, payroll, and general working capital purposes as we pursue strategic alternatives. As of September 30, 2023 March 31, 2024, our cash and cash equivalents were \$0.9 million \$0.4 million. Subsequent to September 30, 2023 March 31, 2024, our cash and cash equivalents have decreased to approximately \$0.2 million as of April 30, 2024 May 31, 2024. We will attempt to redeem the \$2.0 million aggregate principal

amount of the **Bonds Notes Receivable** in the third quarter of 2024, however, there can be no assurance that we will be able to do so, in the near term or at all. See "Risk Factors – We may not be able to redeem the **Bonds, investment in notes receivable.**"

Our current liquidity is not sufficient to continue to fund operations. As a result, there is substantial doubt about our ability to continue as a going concern. Substantial additional financing will be needed in the very near term to fund our operations and exploration of strategic alternatives and pursue any alternatives that we identify. If we are unable to raise capital, the Company may seek bankruptcy protection and/or cease operations in the near term, which may result in the Company's stockholders receiving no or very little value in respect of their shares of the Company's common stock.

We expect to seek financing through equity offerings. However, it may be difficult to obtain financing given the Company's current condition and uncertainty over its future direction. Therefore, we may be unable to raise capital at all or on favorable terms. Our failure to raise capital or enter into such other arrangements as and when needed would have a negative impact on our financial condition and our ability to continue operations.

Recent Developments

Restructuring

On December 10, 2021, we announced a strategic reduction in force and other cost cutting measures to reduce cash burn. On September 26, 2022, we announced our commitment to a plan to wind down our existing preclinical programs, including the development of our SCN9A program, to suspend all of our research and development ("R&D") activities, including suspension of all partnered programs, and to implement a reduction in force whereby we reduced approximately 66% of our then-existing workforce, as well as other cost-cutting measures (collectively, the "Plan"). The purpose of the Plan was to decrease expenses, thereby, extending our cash runway, and enable us to maintain a streamlined organization to support key corporate functions.

Change of Control

On September 26, 2022, the Company entered into a securities purchase agreement (the "Securities Purchase Agreement") with CBI USA, Inc. ("CBI USA"), pursuant to which the Company agreed to issue and sell to CBI USA in a private placement an aggregate of 3,400,000 shares of Common Stock, at a purchase price of \$1.60 per share. The private placement closed on February 24, 2023 (the "Closing Date").

CBI USA funded the acquisition pursuant to the Securities Purchase Agreement through a loan from its affiliate, DGP Co., Ltd. ("DGP"). On June 23, 2023, DGP exercised its the option pursuant to the loan and acquired the 3,400,000 shares of Common Stock initially acquired by CBI USA pursuant to the Securities Purchase Agreement. DGP subsequently agreed to sell its shares to a third party, with the closing of 10% (340,000 shares) occurring in February 2024 and the remainder to close by or on June 30, 2024.

The Securities Purchase Agreement, as confirmed and clarified by that certain letter agreement, dated October 31, 2022, between the Company and CBI USA, provided CBI USA together with its affiliates and any "group" of which it or they are a member with the right to designate directors to the Company's board of directors in proportion to the ownership of CBI USA and its affiliates and any such group. CBI USA and DGP have announced they expect to exercise such rights as a group. Together, they beneficially own 45% of the outstanding shares of Common Stock based on their most recent Schedule 13D amendment. As noted above, DGP has entered into an agreement to sell its remaining shares to a third party by or on June 30, 2024.

Nasdaq Listing Requirements Deficiency Notice

As previously disclosed, the Company has received numerous deficiency notices with respect to various Nasdaq listing requirements in the past year. These related to:

- Compliance with Nasdaq's minimum bid price rule due to the Company's stock trading below \$1.00 for a sustained period of time. The Company effected a one-for-thirty reverse stock split on June 29, 2022 in order to attempt to raise the stock price. On September 13, 2023, the Company received a delinquency notification that the closing bid price of the Company's stock traded below \$1.00 for the previous 30 consecutive business days. The Company's stock price has remained below \$1.00 since receipt of the notification, which must be cured by September 9, 2024, per the March 12, 2024 extension letter received from Nasdaq.
- Compliance with Nasdaq's rule requiring stockholders' equity of at least \$2,500,000 based on the Company's balance sheet as of **September 30, 2022** **March 31, 2024**. The Company **believes it is not** in compliance with this requirement based on its **September 30, 2023** **March 31, 2024** balance sheet, but there can be no assurance it will remain in compliance. sheet.
- Compliance with Nasdaq's corporate governance requirements with respect to board and committee composition. The Company has received numerous deficiency notifications with respect to these requirements in the past year. Although the Company believes it is currently in compliance, there can be no assurance it will remain in compliance.

- On November 22, 2023, the Company received a delinquency notification as it had not filed its third quarter Form 10-Q at the deadline. We expect this delinquency will be cured by this filing.

- Compliance with Nasdaq's requirement to hold an annual meeting. On January 11, 2024, Nasdaq notified the Company that it did not comply with listing requirements by not holding an annual meeting in 2023. The Company received an extension letter on March 12, 2024 from Nasdaq noting it must hold its annual meeting by June 28, 2024.
 - On April 17, 2024, the Company received a delinquency notification as it had not filed its Annual Report Form 10-K for the year ended December 31, 2023. The extended deadline for compliance was established by Nasdaq at May 20, 2024, the same deadline for our Form 10-Q for the quarter ended September 30, 2023. The Annual Report Form 10-K was filed on June 6, 2024.
- We may. Although the Company filed its Form 10-Q for the quarter ended September 30, 2023 prior to the extended deadline of May 20, 2024, on May 21, 2024, the Company received a delisting determination from the

- Nasdaq staff as a result of not be able to regain compliance with Nasdaq's listing requirements filing its Annual Report Form 10-K by the May 20, 2024 deadline and our failure to do so may result timely file this Form 10-Q. The staff's delisting determination also noted the failure to hold its 2023 annual meeting as another basis of the delisting determination.
- On May 28, 2024, the Company requested an appeal of the delisting determination to Nasdaq's hearings panel. A hearing has been scheduled for July 9, 2024. In connection with its request for an appeal, the Company also requested an extended stay on the suspension of trading in the delisting Company's common stock through the decision of our Common Stock the hearings panel. The stay was granted pending a final decision by Nasdaq, the hearings panel.

Even if the Company regains compliance with Nasdaq's listing requirements and addresses the outstanding deficiency notices to Nasdaq's satisfaction, there can be no assurance that the Company will remain in compliance with Nasdaq's requirements and will not be delisted.

Critical Accounting Estimates

We prepare our condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, which require our management to make estimates that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet dates, as well as the reported amounts of revenues and expenses during the reporting periods. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations would be affected. We base our estimates on our own historical experience and other assumptions that we believe are reasonable after taking account of our circumstances and expectations for the future based on available information. We evaluate these estimates on an ongoing basis.

We consider an accounting estimate to be critical if: (1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

Management has discussed the development and selection of these critical accounting estimates with the Audit Committee of our Board of Directors. In addition, there are other items within our financial statements that require estimation, but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements. This includes estimates where the nature of the estimate is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change, and the impact of the estimate on financial condition or operating performance is material.

Recently adopted accounting pronouncements

Refer to Note 2, *Significant Accounting Policies*, of the accompanying unaudited condensed consolidated financial statements for a description of recent accounting pronouncements ASU 2016-13 adopted during the first quarter of 2023. There has been no impact on the financial statements from the adoption of this ASU.

Recent accounting pronouncements not yet adopted

There are no recent accounting pronouncements that the Company has not yet adopted.

Results of Operations

Comparison of the Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023

The following table summarizes the results of our operations for the three months ended September 30, 2023 March 31, 2024 and 2022 2023:

Three Months Ended September 30,
Three Months Ended March 31,

(dollars in thousands)

(dollars in thousands)

(dollars in thousands)

	2023	2022		Change	2024	2023		Change
Revenue:								
Collaboration revenue								
Collaboration revenue								
Collaboration revenue	\$ —	\$ 2,016		\$(2,016)			(100)%	
Total revenue	—	2,016		(2,016)			(100)%	
Revenue								
Revenue								
Revenue	\$ 500	\$ —		500			100 %	
Total Revenue	500	—		500			100 %	
Operating expenses:								
Research and development expense								
Research and development expense								
Research and development expense	—	4,805	4,805	(4,805)			(100)	
General and administrative expense	2,397	2,416	2,416	(19)			(1)	
Loss from sale of property and equipment	920	—		920			100 %	
Total operating expenses								
Total operating expenses								
Total operating expenses	3,317	7,221	7,221	(3,904)			(54)	
Operating loss	(3,317)	(5,205)	(5,205)	1,888			(36)	
Other income (expense), net:								
Changes in fair value of investment in convertible notes receivable								
Changes in fair value of investment in convertible notes receivable								
Changes in fair value of investment in convertible notes receivable	(2,000)	—		(2,000)			100 %	
Other income, net:								
Dividend income								
Dividend income								
Dividend income	13	41	41	(28)			(68)	
Interest income	4	4	4	—			—	
Interest expense	—	—		—			—	
Other expense, net	44	—		44			100 %	
Total other income (expense), net	(1,939)	45		(1,984)			(4,409)%	
Other income, net								

2023 of \$4.8 million reflects the suspension of clinical, preclinical, and discovery program activities and the reduction in headcount resulting from the restructuring activities that were announced in December 2021 and September 2022, and our shift in our historical business operations suspending all research and development expenses.

General and administrative expense

(dollars in thousands)	Three Months Ended			
	September 30,			
	2023	2022	Change	
General and administrative expense	\$ 2,397	\$ 2,416	(19)	(1)%
Full time employees	6	8	(2)	

General and administrative expense was \$2.4 million for the three months ended September 30, 2023, essentially flat with \$2.4 million for the three months ended September 30, 2022. This was mostly due to lower compensation and related costs and professional fees as a result of reduced operations in the 2023 period, offset by increased legal costs related to the securities litigation and certain expenses, such as office facilities, legal, and payroll related costs that no longer met the criteria to be classified as research and development expenses due to the shift in our historical operations suspending all research and development activities as discussed above.

Loss from sale of property and equipment

In the third quarter, the Company sold the majority of its scientific equipment through a third party auctioneer and incurred a loss on the sale of these assets as a result.

Changes in fair value of investment in convertible notes receivable

Indicators of impairment became known and the Company impaired the entire \$2 million amount of these convertible securities. As a result, the convertible securities are recognized at a fair value of \$0 as of September 30, 2023.

Comparison of the Nine Months Ended September 30, 2023 and 2022

The following table summarizes the results of our operations for the nine months ended September 30, 2023 and 2022:

(dollars in thousands)	Nine Months Ended			
	September 30,			
	2023	2022	Change	
Revenue:				
Collaboration revenue	\$ —	\$ 7,052	\$ (7,052)	(100)%
Total revenue	—	7,052	(7,052)	(100)%
Operating expenses:				
Research and development expense	1,423	18,694	(17,271)	(92)%
General and administrative expense	11,155	8,783	2,372	27 %
Loss from sale of property and equipment	920	—	920	100 %
Total operating expenses	13,498	27,477	(13,979)	(51)%
Operating loss	(13,498)	(20,425)	6,927	(34)%
Other (expense) income, net:				
Changes in fair value of investment in convertible notes receivable	(2,000)	—	(2,000)	100 %
Dividend income	45	59	(14)	(24)%
Interest income	28	7	21	300 %
Interest expense	—	(595)	595	(100)%
Other expense, net	(2)	(24)	22	(92)%
Total other expense, net	(1,929)	(553)	(1,376)	249 %
Net loss before provision for income taxes	(15,427)	(20,978)	5,551	(26)%
Provision for income taxes	—	—	—	— %
Net loss	\$ (15,427)	\$ (20,978)	\$ 5,551	(26)%

Revenue

The following table summarizes our revenue earned during the periods indicated:

(dollars in thousands)	Nine Months Ended					
	September 30,					
	2023		2022		Change	
Collaboration revenue:						
Ipsen Collaboration Agreement	\$	—	\$	5,282	\$	(5,282) (100)%
AbbVie Collaboration Agreement		—		1,770		(1,770) (100)%
Total collaboration revenue	\$	—	\$	7,052	\$	(7,052) (100)%
Total revenue	\$	—	\$	7,052	\$	(7,052) (100)%

Collaboration revenue was \$0.0 million during the nine months ended September 30, 2023, reflecting a decrease of \$7.1 million, or 100%, from collaboration revenue of \$7.1 million for the nine months ended September 30, 2022. The decrease in collaboration revenue of \$7.1 million is due to the termination of the Ipsen and AbbVie Collaboration Agreements in December 2022 that resulted in recognition of the remaining deferred revenue associated with each of those collaboration agreements in the fourth quarter of 2022.

Research and development expense

The following table summarizes our research and development expenses incurred during the periods indicated:

Nine Months Ended September 30,									
Three Months Ended March 31,									
(dollars in thousands)	(dollars in thousands)	2023	2022	Change	(dollars in thousands)	2024	2023	Change	
Employee-related expense	Employee-related expense	\$ 511	\$ 6,196	\$ (5,685) (92)	Employee-related expense	\$ —	\$ 511	\$ (511) (100)	
Facilities, depreciation, and other expenses	Facilities, depreciation, and other expenses	755	3,294	(2,539) (77)	Facilities, depreciation, and other expenses	—	755	(755) (100)	
Platform and discovery-related expense	Platform and discovery-related expense	93	6,333	(6,240) (99)	Platform and discovery-related expense	—	93	(93) (100)	
Clinical development programs expense	Clinical development programs expense	64	2,871	(2,807) (98)	Clinical development programs expense	—	64	(64) (100)	
Total research and development expense	Total research and development expense	\$1,423	\$18,694	\$ (17,271) (92)	Total research and development expense	\$ —	\$1,423	\$ (1,423) (100)	
Full time employees	Full time employees								
Full time employees	Full time employees								
Full time employees	Full time employees								

Research and development expense was \$1.4 million \$0.0 million for the nine three months ended September 30, 2023 March 31, 2024, reflecting a decrease of \$17.3 million \$1.4 million, or 92% 100% from research and development expense of \$18.7 million \$1.4 million for nine three months ended September 30, 2022 March 31, 2023. The decrease in research and development expense for In 2022, the nine months ended September 30, 2023 of \$17.3 million reflects the suspension of Company suspended its clinical,

preclinical, and discovery program activities and the reduction reduced headcount as it began exploring strategic alternatives in headcount resulting from the restructuring activities that were announced in December 2021 and September 2022, April 2023. As a result, after the first quarter of 2023, we determined it was no longer appropriate to record any research and development expenses during the nine months ended September 30, 2023, as the Company began exploring strategic alternatives in April 2023, expenses.

General and administrative expense

Nine Months Ended September 30,															
Three Months Ended March 31,															
(dollars in thousands)															
(dollars in thousands)															
(dollars in thousands)															
		2023	2022		Change		2024		2023		Change				
General and administrative expense	General and administrative expense	\$11,155	\$8,783	2,372	2,372	27	27	%	General and administrative expense	\$1,336	\$3,116	(1,780)	(1,780)	(57)	(57)%
Full time employees															

General and administrative expense was \$11.2 million \$1.3 million for the nine three months ended September 30, 2023 March 31, 2024, representing an increase decrease of \$2.4 million \$(1.8) million or 27% (57)%, from \$8.8 million \$3.1 million for the nine three months ended September 30, 2022 March 31, 2023. The increase decrease for the nine three months ended September 30, 2023 March 31, 2024 was mostly due to \$1.5 million lower professional fees as a result of certain expenses that previously had been recorded as research reduced operations and development expenses, such as office facilities, legal, and payroll related higher costs that no longer met the criteria to be classified as research and development expenses due to the shift in our historical business operations discontinuing all research and development activities as discussed above. The increase was also due to higher costs 2023 from the separation pay of former executives and related stock based compensation expense, and increased franchise taxes; partially offset by lower professional fees as a result of reduced operations. expense.

Loss from sale of property and equipment

In the third quarter, the Company sold the majority of its scientific equipment through a third party auctioneer and incurred a loss on the sale of these assets as a result.

Changes in fair value of investment in convertible notes receivable

Indicators of impairment became known and the Company impaired the entire \$2 million amount of these convertible securities. As a result, the convertible securities are recognized at a fair value of \$0 as of September 30, 2023.

Liquidity and Capital Resources

Since our inception, we have incurred significant operating losses. We generated limited revenue from our collaboration agreements, which have since been terminated. We have funded our operations to date with proceeds received from equity financings and payments received in connection with collaboration agreements, which have since been terminated. Currently we are exploring strategic alternatives and generating no revenue.

As of September 30, 2023 March 31, 2024, our cash and cash equivalents were \$0.9 million \$0.4 million as compared to \$8.6 million \$0.8 million as of December 31, 2022 December 31, 2023. To date, we have funded our operations primarily with proceeds received from equity financings and to a lesser extent, payments received in connection with collaboration agreements. Subsequent to September 30, 2023 March 31, 2024, our cash and cash equivalents have decreased to approximately \$0.2 million as of April 30, 2024 May 31, 2024. We will attempt to redeem the \$2.0 million aggregate principal amount of the Bonds convertible notes receivable in August 2024, however, there can be no assurance that we will be able to do so, in the near term or at all. See "Risk Factors – We may not be able to redeem the Bonds; investment in convertible notes receivable."

We incurred net losses of approximately \$15.4 million \$0.8 million and \$21.0 million \$4.4 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023, respectively. As of September 30, 2023, we have generated an accumulated deficit of \$206.9 million since inception and We expect to incur significant expenses and negative cash flows for the foreseeable future.

Our current liquidity is not sufficient to continue to fund operations. As a result, there is substantial doubt about our ability to continue as a going concern. Substantial additional financing will be needed in the very near term to fund our operations and there is no certainty we will obtain such financing. If we are unable to raise capital, we will be unable to continue operations. We may need to seek bankruptcy protection and/or cease operations in the near term, which may result in our stockholders receiving no or very little value in respect of their shares of our common stock.

See "Funding Requirements" below for additional information on our future capital needs.

Cash Flows

The following table shows a summary of our cash flows for the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022**, 2023:

(in thousands)	Nine Months Ended September 30,	
	2023	2022
	(unaudited)	
Net cash used in operating activities	\$ (9,541)	\$ (28,382)
Net cash (used in) provided by investing activities	(1,789)	4,489
Net cash provided by (used in) financing activities	3,675	(3,105)
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ (7,655)	\$ (26,998)

(in thousands)	Three Months Ended March 31,	
	2024	2023
	(unaudited)	
Net cash used in operating activities	\$ (450)	\$ (3,318)
Net cash provided by investing activities	—	106
Net cash provided by financing activities	—	4,595
Net (decrease) increase in cash, cash equivalents, and restricted cash	\$ (450)	\$ 1,383

Operating activities

Net cash used in operating activities was **\$9.5 million** **\$0.5 million** and **\$28.4 million** **\$3.3 million** for the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022**, 2023, respectively. The decrease in cash used in operating activities for the **nine three** months ended **September 30, 2023** **March 31, 2024** of **\$18.8 million** **\$2.9 million** was due to the **suspension reduction of R&D operating** activities and lower **headcount from the September 2022 and December 2021 restructurings**.

headcount.

Investing activities

Net cash used in investing activities was **\$1.8 million** **\$0.0 million** and provided by investing activities was **\$4.5 million** **\$0.1 million** for the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022**, 2023, respectively. The decrease in cash provided by investing activities of **\$6.3 million** **\$0.1 million** was primarily due to **the lack of investing activities and a decrease sale of scientific equipment in proceeds from the maturity, net of purchases of available-for-sale securities. 2023.**

Financing activities

Net cash provided in financing activities of **\$3.7 million** **\$0.0 million** for **nine three** months ended **September 30, 2023** **March 31, 2024**. The decrease of **\$4.6 million** is due to the **funds received from the Private Placement closed in February**. Net cash used by financing activities of **\$3.1 million** for the nine months ended **September 30, 2022** was primarily due to the repayment in full of all outstanding indebtedness and other obligations under the Credit and Security Agreement, dated as of September 25, 2020, as amended on October 21, 2020, July 30, 2021, September 30, 2021, and December 10, 2021, with MidCap Financial Trust, as agent, and the lenders party thereto from time to time, or the MidCap Credit Agreement, partially offset by net proceeds of approximately \$4.9 million received in connection with the May 2022 private placement transaction. **February 2023.**

Funding Requirements

We will need to obtain substantial additional funding in the very near term to continue operations. If we are unable to raise capital at all or on acceptable terms, we would be unable to continue operations.

Our existing cash and cash equivalents are not sufficient to enable us to fund our operating expenses. Our future capital requirements are difficult to forecast and will depend on many factors, including:

- the results of our exploration of strategic alternatives, including any potential transactions;
- the results of any future or pending litigation against the Company;
- the extent to which we encounter increased costs as a result of global and macroeconomic conditions, including rising inflation and interest rates, supply chain disruptions, fluctuating exchange rates, and increases in commodity, energy and fuel prices; and

- unknown legal, administrative, regulatory, accounting, and information technology costs as well as additional costs associated with operating as a public company.

Until such time, if ever, as we can generate substantial revenue, we expect to finance our cash needs primarily through equity offerings. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders may be materially diluted, and the terms of such securities could include liquidation or other preferences that adversely affect the rights of our stockholders. 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. Further, the global financial markets have experienced significant disruptions over the past couple of years due to the COVID-19 pandemic, the ongoing conflict between Russia and Ukraine, and worsening global macroeconomic conditions, including actions taken by central banks to counter inflation, volatility in the capital markets and related market uncertainty, may impact our ability to obtain additional financing when needed on favorable terms or at all. Any further disruption or slowdown in the global financial markets and economy may negatively affect our ability to raise funding through equity or debt financings on attractive terms or at all, which could in the future negatively affect our operations.

Going Concern

In accordance with Accounting Standards Codification 205-40, *Going Concern*, we have evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the unaudited condensed consolidated financial statements are issued. In the absence of a significant source of recurring revenue, our continued viability is dependent on our ability

to continue to raise additional capital to finance our operations. As discussed above, there are substantial uncertainties about our ability to raise such financing.

Contractual Obligations and Commitments

There have been no material changes to our contractual obligations and commitments from those described in our Annual Report.

JOBS Act

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Under the JOBS Act, an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

In addition, as an emerging growth company, we will not be required to provide an auditor's attestation report on our internal control over financial reporting in future annual reports on Form 10-K as otherwise required by Section 404(b) of the Sarbanes-Oxley Act.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

As a smaller reporting company, as defined by Rule 12b-2 of the Exchange Act and in Item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this Item.

Item 4. Controls and Procedures.

Limitations on Effectiveness of Controls

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures" as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in our periodic and current reports that we file with the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their

objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our principal executive officer and our principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of **September 30, 2023** **March 31, 2024**. Based on the evaluation of our disclosure controls and procedures as of **September 30, 2023** **March 31, 2024**, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weakness described below.

Material Weakness in Internal Control Over Financial Reporting

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Management identified material weaknesses in the Company's internal control over financial reporting related to the following:

1. The precision of management's review of the Statement of Operations, resulting in inappropriately classifying certain general and administrative expenses as research and development expenses for the three months ended March 31, 2023, and three and six months ended June 30, 2023.
2. Management's review of the accounting treatment of non-routine activities, specifically the Company's analysis of the AFS debt securities.
3. **The Company failed to design and implement controls around all accounting and information technology processes and procedures.**

These matters have been reviewed with our Audit Committee.

Remediation Plan

We are evaluating the material weakness and are developing a plan of remediation to strengthen the effectiveness of the design and operation of our internal control environment. The remediation plan will include enhancing our review procedures within our accounting department, implementing additional review procedures with respect to accumulation and evaluation of information that is known or knowable to the Company at the time, and applying that information to the applicable accounting guidance. Subject to our ability to obtain additional financing and the results of our review of strategic alternatives, we will also consider whether additional personnel are necessary.

Changes in Internal Control over Financial Reporting

Other than described above, there were no changes in our internal control over financial reporting during the fiscal quarter ended **September 30, 2023** **March 31, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

On December 13, 2021, Mark Colwell filed a putative securities class action lawsuit against the Company, David A. Giljohann and Brian C. Bock in the United States District Court for the Northern District of Illinois, captioned *Colwell v. Exicure, Inc. et al.*, Case No. 1:21-cv-0663. On February 4, 2021, plaintiff filed an amended putative securities class action complaint. On March 20, 2023, the court entered an order appointing James Mathew as lead plaintiff and Bleichmar Fonti & Auld LLP as lead counsel in the action pursuant to the Private Securities Litigation Reform Act of 1995. On May 26, 2023, lead plaintiff filed a second amended complaint against the Company, Dr. Giljohann, Mr. Bock, and Grant Corbett. The second amended complaint alleges that Dr. Giljohann, Mr. Bock, and Dr. Corbett made materially false and/or misleading statements related to the Company's clinical programs purportedly causing losses to investors who acquired Company securities between January 7, 2021 and December 10, 2021. The second amended complaint does not quantify any alleged damages but, in addition to attorneys' fees and costs, lead plaintiff seeks to recover damages on behalf of himself and others who acquired the Company's stock during the putative class period at allegedly inflated prices and purportedly suffered financial harm as a result. The **Case parties filed a joint status report noting the mediation efforts taken by the parties. The report also proposes a litigation schedule going forward, which the Court adopted: plaintiff's third amended complaint is currently stayed until due on or before June 28, 2024, and any motion to dismiss is due on or before August 27, 2024, with response due on or before October 8, 2024 and any reply due on or before November 5, 2024. Accordingly, the status hearing set for May 22, 2024 is reset to permit the parties to complete the voluntary private mediation. July 23, 2024.**

On March 1, 2022, Kapil Puri filed a shareholder derivative lawsuit on behalf of the Company in the United States District Court for the Northern District of Illinois, against Messrs. Giljohann and Bock, Jeffrey L. Cleland, Elizabeth Garofalo, Bosun Hau, Bali Muralidhar, Andrew Sassine, Matthias Schroff, James Sulat and Timothy Walbert, captioned *Puri v. Giljohann, et al.*, Case No. 1:22-cv-01083. On March 8, 2022, Yixin Sim filed a similar shareholder derivative lawsuit in the same court against the same individuals, captioned *Sim v. Giljohann, et al.*, Case No. 1:22-cv-01217. On April 25, 2022, Stourbridge Investments LLC filed a similar shareholder derivative lawsuit against the same individuals in the United States District Court for the District of Delaware, captioned *Stourbridge Investments LLC v. Exicure, Inc. et al.*, Case No. 1:22-cv-00526. Based on similar factual allegations presented in the *Colwell* complaint, described above, the *Puri*, *Sim*, and *Stourbridge* complaints, or collectively, the Derivative Complaints, allege that the defendants caused the Company to issue false and/or misleading statements in its 2021 proxy statement regarding risk oversight, code of conduct, clinical program and compensation matters, among other things, in violation of federal securities law, and committed breaches of fiduciary duties. The Derivative Complaints also assert that Dr.

Giljohann and Mr. Bock are liable for contribution under the federal securities laws. The *Puri* and *Stourbridge* complaints further assert state law claims for unjust enrichment, and the *Puri* complaint additionally asserts state law claims for abuse of control, gross mismanagement and corporate waste. The plaintiffs do not quantify any alleged damages in the Derivative Complaints, but seek restitution for damages to the Company, attorneys' fees, costs, and expenses, as well as an order directing that certain proposals for strengthening board oversight be put to a vote of the Company's shareholders.

On March 18, 2022, James McNabb, through counsel, sent a written demand to the Company (the "Demand Letter") demanding that the Board of Directors investigate certain allegations and commence proceedings on the Company's behalf against certain of the Company's current officers and directors for alleged breaches of fiduciary duties and corporate waste. All of the Derivative Cases have been stayed pending a decision on any motion to dismiss that may be filed in the Colwell case. **In addition, the *Stourbridge* case has been administratively closed pending the decision on motion to dismiss that may be filed in the Colwell case.** Further, pursuant to agreement, the Demand Letter is being held in abeyance and any related statute of limitations tolled pending such motion and decision.

On October 3, 2023, a former employee filed a complaint against the Company and its executives related to the former employee's separation from the Company. **The parties will proceed with paper discovery and an in-person settlement conference is scheduled for June 26, 2024.**

We may also be a party to litigation and subject to claims incident to the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business. Regardless of the outcome,

litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors.

In addition to other information contained in this Quarterly Report on Form 10-Q, the following risks should be considered in evaluating our business and future prospects and an investment in our common stock. The risks and uncertainties described below are not the only ones we face. If any of the following risks and uncertainties develops into actual events, our business, financial condition, results of operations and cash flows could be materially adversely affected. In that case, the price of our common stock could decline and you may lose all or part of your investment.

Risks Related to Our Business

Our exploration of strategic alternatives may not be successful.

Given the Company's current focus to explore growth through strategic transactions with potential partners, the Company's ability to execute its current business plan depends on its ability to obtain additional funding via a strategic transaction or a series of strategic transactions, or to obtain funding to support such a transaction. We currently have no source of revenues or committed financing, and our financial resources are limited to our cash and cash equivalents. Substantial additional funding is needed in the very near term. With respect to our efforts to maximize value from historical assets, while those efforts are continuing, based on the interest we have received to date we do not think it is likely they will generate significant value.

The Company plans to continue pursuing strategic alternatives, however, there can be no assurance that the Company will have sufficient resources or obtain additional financing necessary to complete this effort. Even if we can obtain financing, we may not be able to consummate such a transaction in a timely manner or at all or in a manner that would not adversely impact our business. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. Strategic transactions are complex and time-consuming to identify, evaluate, negotiate and consummate in compliance with applicable laws and Nasdaq requirements. Our board and management do not have meaningful experience executing this type of endeavor in the U.S. public markets. Even if we are successful in entering into a strategic transaction, the terms and conditions of that transaction may restrict us from entering into future agreements with other potential collaborators. Additionally, such strategic transactions may not be favorable to investors nor deliver any anticipated benefits by the time of business integration.

We need to obtain substantial funding in the very near term in order to continue operations and our exploration of strategic alternatives.

We require significant capital resources in order to continue to operate our business and conduct our exploration of strategic alternatives, and our very limited liquidity could materially and adversely affect our business operations. Because we have no current source of revenue or committed financing, our current available cash and cash equivalents provide us with very limited liquidity. Our existing cash and cash equivalents are not sufficient for us to continue to fund our business operations. Substantial additional funding is needed in the very near term. Any such required additional capital may not be available on reasonable terms, if at all, due to a variety of factors, including uncertainty about the future direction of the Company and investor reaction to our new controlling stockholders and board and management composition, as well as broader conditions in the economy and capital markets, including recent volatility caused by inflation, questions about bank stability and other factors. The Company has already engaged in significant cost reductions, so our ability to further cut costs and extend our operating runway is limited. Without sufficient additional capital funding in the very near term, we may be required, among other things, to seek bankruptcy protection and/or cease operations.

We may not be able to redeem our Bonds. the investment in convertible notes receivable.

In March 2024, the Company notified the issuer of the **Bonds investment in convertible notes receivable** that it was exercising its redemption right with respect to the entire principal amount of the **Bonds investment in convertible notes receivable** after the first anniversary of their issue dates (May 3 and May 16, 2024, respectively) for an aggregate redemption price of \$2.090 million (representing the principal amount plus 4.5% per annum yield to the redemption date).

The Bonds investment in convertible notes receivable indicate that the Company may request redemption on the first anniversary of the issue date, date. However, the Bonds investment in convertible notes receivable contain schedules for dates of redemption notices and redemption prices that do not contemplate a first redemption date until three months after the first anniversary of the issue dates. Although the Company believes this was a clear error and is inconsistent with the plain language that the Bonds investment in convertible notes receivable are redeemable on the first anniversary of their issue dates,

the issuer has taken the position that the Bonds investment in convertible notes receivable are not redeemable until August 3, 2024 and August 16, 2024.

The Company expects to continue to seek to redeem the Bonds investment in convertible notes receivable as soon as practicable. However, there can be no assurance that the Company will be able to do so, in the near term or at all. The Company is aware that the parent company of CBI USA holds similar bonds from the same issuer and has been unable to redeem their bonds despite making a request to do so. CBI USA's parent company has also unsuccessfully demanded acceleration of their bonds based on alleged defaults. If we are unable to redeem the Bonds, investment in convertible notes receivable, or otherwise recognize value from them, it will adversely impact our financial condition and prospects.

Our controlling stockholders, executive officers and members of our board, have limited experience controlling or governing a public company operating in the United States.

Our controlling stockholders have not previously controlled a U.S. public company. In addition, no members of the board or our chief executive officer or chief financial officer have experience serving as directors or management of a U.S. publicly traded company. This could make it difficult to ensure that the Company complies with all applicable laws and stock exchange requirements, maintains adequate internal and disclosure controls and appropriately assesses and manages risk. This concern is exacerbated by the limited resources the Company has following recent reductions in force, and if there are further reductions in force or members of management leave the Company, it may be very difficult to manage this risk. The transitional state of the Company and ongoing exploration of strategic alternatives also exacerbates the challenging environment in this respect. If the board of directors does not successfully or efficiently manage their roles and responsibilities, including the significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of investors, our prospects may be adversely impacted. In addition, against this backdrop, it may be difficult to earn the confidence of prospective investors or strategic partners, threatening our ability to obtain much needed financing and hindering our exploration of strategic alternatives.

Turnover of our board and senior management, and any inability to attract and retain qualified management and other key personnel, could impair our ability to implement our business plan.

As we continue our exploration of strategic alternatives, and potentially pursue transactions involving new business lines or industries, we may experience additional turnover in our board and senior management. Departures of members of our senior management team and board members have created, and will create if they continue, significant continuity risks and challenges to our ability to operate our business, assess and manage risks and comply with applicable laws. If key members of our senior management team depart, it will be important that we attract and retain qualified managers promptly and develop and implement an effective succession plan. We expect to face significant competition in attracting experienced executives and other key personnel, and there can be no assurance that we will be able to do so. In addition, there are significant uncertainties as to how our transitional state of operations, financial condition and related matters will impact our ability to attract the necessary personnel and manage these succession risks. Our urgent need to raise capital and engage with potential partners in strategic transactions magnify these risks. If we are unable to adequately address these concerns in the near term, and earn the confidence of potential investors and/or business partners, our prospects and financial condition would be adversely impacted.

Our consolidated financial statements have been prepared assuming that we will continue as a going concern.

Our ability to continue as a going concern will require us to obtain additional funding. Based on our current operating plans and existing working capital at September 30, 2023 March 31, 2024, our current liquidity is not sufficient to continue to fund operations. As a result, there is substantial doubt about our ability to continue as a going concern. Substantial additional financing will be needed by us in the very near term to fund our operations and exploration of strategic alternatives. The perception of our ability to continue as a going concern may make it more difficult for us to obtain financing for the continuation of our operations and could result in the loss of confidence by investors and employees. Obtaining additional financing contains risks, including:

- additional equity financing may not be available to us on satisfactory terms and any equity we are able to issue could lead to dilution for current stockholders;
- loans or other debt instruments may have terms and/or conditions, such as interest rate, restrictive covenants and control or revocation provisions;
- the current environment in capital markets combined with our capital constraints may prevent us from being able to obtain adequate debt financing; and
- if we fail to obtain required additional financing to grow our business we may need to seek bankruptcy protection in the near term.

We currently do not comply with the Nasdaq continued listing requirements, requirements and have received a delisting determination notice from the Nasdaq staff. Our common stock may be delisted from Nasdaq which could negatively impact the price of our common stock, liquidity and our ability to access the capital markets.

Our common stock is currently listed on Nasdaq under the symbol "XCUR." As previously disclosed, the Company has received numerous deficiency notes notices with respect to various Nasdaq listing requirements in the past year, year and recently received a delisting determination from the Nasdaq staff. These related to, or may in the future relate to:

- Compliance with Nasdaq's minimum bid price rule due to the Company's stock trading below \$1.00 for a sustained period of time. The Company effected a one-for-thirty reverse stock split on June 29, 2022 in order to attempt to raise the stock price. On September 13, 2023, the Company received a delinquency notification that the closing bid price of the Company's stock traded below \$1.00 for the previous 30 consecutive business days. The Company's stock price has remained below \$1.00 since receipt of the notification, which must be cured by September 9, 2024, per the March 12, 2024 extension letter received from Nasdaq.
- Compliance with Nasdaq's rule requiring stockholders' equity of at least \$2,500,000 based on the Company's balance sheet as of September 30, 2023 March 31, 2024. The Company believes it is not in compliance with this requirement based on its September 30, 2023 March 31, 2024 balance sheet, but there can be no assurance it will remain in compliance. sheet.
- Compliance with Nasdaq's corporate governance requirements with respect to board and committee composition. The Company has received numerous deficiency notifications with respect to these requirements in the past year. Although the Company believes it is currently in compliance, there can be no assurance it will remain in compliance.
- On November 22, 2023, the Company received a delinquency notification as it had not filed its third quarter Form 10-Q at the deadline. We expect this delinquency will be cured by this filing.
- Compliance with Nasdaq's requirement to hold an annual meeting. On January 11, 2024, Nasdaq notified the Company that it did not comply with listing requirements by not holding an annual meeting in 2023. The Company received an extension letter on March 12, 2024 from Nasdaq noting it must hold its annual meeting by June 28, 2024
- On April 17, 2024, the Company received a delinquency notification as it had not filed its Annual Report Form 10-K for the year ended December 31, 2023. The extended deadline for compliance was established by Nasdaq at May 20, 2024, the same deadline for our Form 10-Q for the quarter ended September 30, 2023, which had yet to be filed at the time.
- Although the Company filed its Form 10-Q for the quarter ended September 30, 2023 prior to the extended deadline of May 20, 2024, on May 21, 2024, the Company received a delisting determination from the Nasdaq staff as a result of not filing its Annual Report Form 10-K by the May 20, 2024 deadline and failure to timely file this Form 10-Q. The staff's delisting determination also noted the failure to hold its 2023 annual meeting as another basis of the delisting determination.
- On May 28, 2024, the Company requested an appeal of the delisting determination to Nasdaq's hearings panel. A hearing has been scheduled for July 9, 2024. In connection with its request for an appeal, the Company also requested an extended stay on the suspension of trading in the Company's common stock through the decision of the hearings panel. The stay was granted pending a final decision by the hearings panel.

We may not be successful in our appeal or be able to regain compliance with Nasdaq's listing requirements and our failure to do so may result in the delisting of our Common Stock by Nasdaq. Even if the Company is successful in our appeal and regains compliance with Nasdaq's listing requirements and addresses the outstanding deficiency notices to Nasdaq's satisfaction, there can be no assurance that the Company will remain in compliance with Nasdaq's requirements and will not be delisted.

If Nasdaq suspends or delists our securities from trading on its exchange for failure to meet the listing standards, we and our stockholders could face significant negative consequences including:

- limited availability of market quotations and liquidity for our securities;
- a determination that the common stock is a "penny stock" which would require brokers trading in the common stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for shares of common stock;
- a limited amount of analyst coverage, if any; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

Delisting Suspension or delisting from Nasdaq could also result in other negative consequences, including the potential loss of institutional investor interest and make obtaining new financing much more challenging. In addition, fewer strategic opportunities may be available, particularly from counterparties that are interested in combining with a listed company.

We have a history of losses. We expect to continue to incur significant losses for the foreseeable future and may never achieve or maintain profitability, which could result in a decline in the market value of our common stock.

Between our inception in June 2011 and the Company's decision to engage in a broader exploration of strategic alternatives, we devoted our resources to the development of SNA technology, and are currently exploring out-licensing opportunities and strategic alternatives to maximize stockholder value. We have had significant operating losses since our

inception. As of September 30, 2023 March 31, 2024, we have generated an accumulated deficit of \$206.9 million, \$209.2 million, including \$18,837 of additional paid-in capital reclassified to accumulated deficit upon C-corporation conversion. For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, our net loss was \$15.4 million \$0.8 million and \$21.0 million \$4.4 million, respectively. Substantially all of our losses have resulted from expenses incurred in connection with our research programs and from general and administrative costs associated with our operations.

We have not generated, and do not expect to generate, any product revenue for the foreseeable future and currently have no source of revenue or committed financing, and we expect to continue to incur significant operating losses for the foreseeable future. The amount of future losses is uncertain. Our future financial performance and condition are substantially dependent on the results of our ongoing exploration of strategic alternatives, and we cannot predict whether we will be successful.

We are pursuing asset out-licenses, asset sales and similar strategic transactions with respect to our historical assets. There can be no assurance that we will be successful in executing such a strategic transaction and at this point we do not expect these efforts to generate significant value for our stockholders.

Our internal computer systems, or those of contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our business operations.

Despite the implementation of security measures, our internal computer systems and those of our contractors and consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Such events could cause interruptions of our operations. For instance, theft or other exposure of data may interfere with our ability to protect our intellectual property, trade secrets, and other information critical to our operations. We can provide no assurances that certain sensitive and proprietary information relating to one or more of our therapeutic candidates has not been, or will not in the future be, compromised. Although we have invested resources to enhance the security of our computer systems, there can be no assurances we will not experience additional unauthorized intrusions into our computer systems, or those of our contractors and consultants, that we will successfully detect future unauthorized intrusions in a timely manner, or that future unauthorized intrusions will not result in material adverse effects on our financial condition, reputation, or business prospects. Payments related to the elimination of ransomware may materially affect our financial condition and results of operations.

To the extent that any disruption or security breach were to result in a loss of, or damage to, our data, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the development of our therapeutic candidates could be delayed.

Our information technology systems could face serious disruptions that could adversely affect our business.

Our information technology and other internal infrastructure systems, including corporate firewalls, servers, documents storage systems, backup systems, leased lines and connection to the Internet, face the risk of systemic failure that could disrupt our operations. A significant disruption in the availability of our information technology and other internal infrastructure systems could cause interruptions and delays in our operations.

Our business and operations could suffer in the event of system failures or unauthorized or inappropriate use of or access to our information technology systems.

We are increasingly dependent on our information technology systems and infrastructure for our business. We collect, store and transmit sensitive information including intellectual property, proprietary business information and personal information in connection with business operations. The secure maintenance of this information is critical to our operations and business strategy. Some of this information could be an attractive target of criminal attack or unauthorized access and use by third parties with a wide range of motives and expertise, including organized criminal groups, "hacktivists,"

"hacktivists," patient groups, disgruntled current or former employees and others. Cyber-attacks are of ever-increasing levels of sophistication, and despite our security measures, our information technology systems and infrastructure may be vulnerable to such attacks or may be breached, including due to employee error or malfeasance.

The pervasiveness of cybersecurity incidents in general and the risks of cyber-crime are complex and continue to evolve. Although we are making significant efforts to maintain the security and integrity of our information systems and are exploring various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Despite the implementation of security measures, our internal computer systems and those of our employees, contractors and consultants are vulnerable to damage or interruption from computer viruses, unauthorized or inappropriate access or use, natural disasters, pandemics (including COVID-19), terrorism, war, and telecommunication and electrical failures. Such events could cause interruption of our operations. For example, the loss or compromise of

preclinical data for our therapeutic candidates could result in delays in our regulatory filings and development efforts, as well as delays in the commercialization of our products, and significantly increase our costs. To the extent that any disruption, security breach or unauthorized or inappropriate use or access to our systems were to result in a loss of or damage to our data, or inappropriate disclosure of confidential or proprietary information, including but not limited to patient, employee or vendor information, we could incur notification obligations to affected individuals and government agencies, liability, including potential lawsuits from patients, collaborators, employees, stockholders or other third parties and liability under foreign, federal and state laws that protect the privacy and security of personal information, and the development and potential commercialization of our therapeutic candidates could be delayed. Existing insurance arrangements may not provide protection for the costs that may arise from such loss or damage. Any long-term disruption in our ability to access our information technology systems could have a material adverse effect on our operations, our business, results of operations and stock price.

Our current operations are concentrated in one location and any events affecting this location may have material adverse consequences.

Our current operations are located in our facilities situated in Chicago, Illinois. Any unplanned event, such as flood, fire, explosion, earthquake, extreme weather condition, medical epidemics, power shortage, telecommunication failure or other natural or man-made accidents or incidents that result in us being unable to fully utilize the facilities, may have a material adverse effect on our ability to operate our business, particularly on a daily basis, and have significant negative consequences on our financial and operating conditions. Loss of access to these facilities may result in increased costs, or interruption of our business operations. As part of our risk management policy, we maintain insurance coverage at levels that we believe are appropriate for our business. However, in the event of an accident or incident at these facilities, we cannot assure you that the amounts of insurance will be sufficient to satisfy any damages and losses. If our facilities are unable to operate because of an accident or incident or for any other reason, even for a short period of time, any or all of our research and development programs may be harmed. Any business interruption may have a material adverse effect on our business, financial position, results of operations and prospects.

If we continue to fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired.

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act, and the rules and regulations of Nasdaq. Pursuant to Section 404 of the Sarbanes-Oxley Act, or Section 404, we are required to perform system and process evaluation and testing of our internal control over financial reporting to allow our management to report on the effectiveness of our internal control over financial reporting. However, while we remain a non-accelerated filer or an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm.

During the evaluation and testing process, we identified material weaknesses as described under Part I, Item 4 of this Form 10-Q. If we fail to remediate that material weakness, or if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. Further, we may in the future discover additional weaknesses in our system of internal financial and accounting controls and procedures that could result in additional material misstatement of our financial statements. Moreover, our internal controls over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected. Moreover, we are aware that the remote working arrangements implemented in connection with the COVID-19

pandemic potentially present new areas of risk, and we continue to carefully monitor any impact to our internal controls and procedures.

Our limited resources and recent reductions in force, as well as the turnover in our board of directors and the potential for future management changes, present significant continuity risk and could impact our ability to remediate our material weaknesses and maintain effective internal control over financial reporting in the future.

If we are unable to remedy our material weaknesses and assert that our internal control over financial reporting is effective, investors could lose confidence in the reliability of our financial statements, the market price of our stock could decline and we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities.

The restatement of our prior quarterly financial statements may affect stockholder and investor confidence in us or harm our reputation, and may subject us to additional risks and uncertainties, including increased costs and the increased possibility of legal proceedings and regulatory inquiries, sanctions or investigations.

Management identified material weaknesses in the Company's internal control over financial reporting and restated its 2023 first quarter and second quarter unaudited interim condensed consolidated financial statements via Form 10-Q/A's. As a result of the restatement, we have incurred, and may continue to incur, unanticipated costs for accounting and legal fees in connection with, or related to, such restatement. In addition, such restatement could subject us to a number of additional risks and uncertainties, including the increased possibility of legal proceedings and inquiries, sanctions or investigations by the SEC or other regulatory authorities. Any of the foregoing may adversely affect our reputation, the accuracy and timing of our financial reporting, or our business, results of operations, liquidity and financial condition, or cause stockholders, investors, members and customers to lose confidence in the accuracy and completeness of our financial reports or cause the market price of our common stock to decline.

Risks Related to Ownership of Our Common Stock

The influence of our significant stockholders could make our Common Stock less attractive to some investors or otherwise harm the trading price of our Common Stock.

CBI USA and DGP collectively own approximately 45% of outstanding Common Stock and exercise significant influence over us. We previously had been a "controlled company" under the corporate governance rules for Nasdaq-listed companies and still do not have a majority independent board based on the phase-in requirements for companies after they lose "controlled company" status. Members of our board and management are directly affiliated with CBI and DGP. Investors may be hesitant to invest in the Company given the influence of CBI and DGP. In addition, should the interest or interests of our controlling stockholders differ from those of other stockholders, the other stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance rules for Nasdaq-listed companies.

Additionally, it is possible we could pursue strategic or financing transactions with our controlling stockholders or their affiliates. The interests of the controlling stockholders and other stockholders would diverge in this case, and the lack of an independent board to evaluate such a transaction could adversely impact other stockholders. These conflicts of interest (or the perception that they could occur) might adversely affect our business and prospects for obtaining financing or completing a strategic transaction.

For so long as CBI USA and DGP own a significant stake, they (and/or their transferees) will have substantial control over the elections of our directors and to approve any other corporate action requiring the affirmative vote of holders of a majority of the outstanding shares of our Common Stock. This could deter investment in the Company and adversely impact our stock price and ability to obtain financing. These impacts may be more pronounced in the near term as investors assess the direction of the Company under the control of CBI USA and DGP and the actions of the new board and management. DGP's recently announced agreement to sell its shares to a third party could also deter investment as it creates uncertainty as to the transferee's intentions with respect to the Company. If DGP's sale is completed, the third party transferee would become the Company's largest stockholder.

Potential partners considering engaging in a strategic transaction with the Company could have similar concerns. Given our urgent need for additional funding and/or to complete a strategic transaction, it is imperative that our controlling stockholders and our board and management earn the confidence of investors and potential partners in the near term and there is no assurance this will occur.

The market price of our common stock has been, and is likely to continue to be, highly volatile, and you may not be able to resell your shares at or above the price you paid for them.

Our stock price will continue to be volatile. As a result of this volatility, investors may not be able to sell their common stock at or above the price paid for the shares. The market price for our common stock may be influenced by a variety of factors, including the other risks described in this section titled "Risk Factors" and the following:

- our ability or inability to raise additional capital and the terms on which we raise it;
 - the development, execution and announcement of any proposed strategic alternative;
 - investors may react negatively to our controlled company status and the influence of our controlling stockholder or our reconstituted board and/or our uncertain business strategy;
 - strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
-
- we are unable to achieve the perceived benefits of our Company as rapidly or to the extent anticipated by financial or industry analysts; and
 - changes in general economic, industry, political and market conditions, including, but not limited to, the ongoing impact of the COVID-19 pandemic.

In addition, the stock markets in general, and the markets for pharmaceutical and biotechnology stocks in particular, have experienced extreme volatility that has been often unrelated to the operating performance of the issuer. These broad market and industry factors, such as those related to the COVID-19 pandemic, Russia's invasion of Ukraine, and the Israel/Hamas war and retaliatory actions taken by the United States, NATO and others, may seriously harm the market price of our common stock, regardless of our operating performance.

Raising additional funds by issuing securities may cause dilution to existing stockholders and raising funds through lending and licensing arrangements may restrict our operations or require us to relinquish proprietary rights.

Until such time, if ever, as we can generate substantial revenues, we expect to attempt to finance our cash needs through a combination of equity offerings and debt financings. As discussed elsewhere, it may be very challenging to obtain equity or debt financing given the current transitional state of the Company. However, to the extent that we raise additional capital through the issuance of shares or other securities convertible into shares, our stockholders will be diluted. Future issuances of our common stock or other equity securities, or the perception that such sales may occur, could adversely affect the prevailing market price of our common stock and impair our ability to raise capital through future offerings of equity or equity-linked securities.

We are an "emerging growth company" and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies us will make our common stock less attractive to investors.

We ~~are~~ were an "emerging growth company" as defined in the JOBS Act. For as long as Act until December 31, 2023. As such, we continue to be an emerging growth company, we may take ~~took~~ advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including (1) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, (2) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (3) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, as an emerging growth company, we ~~are~~ were only required to provide two years of audited financial statements and two years of selected financial data. We expect to lose emerging growth company status at the end of this year. statements. Even after though we no longer qualify as an emerging growth company as of 2024, we may still qualify as a "smaller reporting company" and/or and a "non-accelerated filer" which would allow allows us to continue to take advantage of many of the same exemptions from disclosure requirements including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our share price may be more volatile.

Anti-takeover provisions in our charter documents and under the General Corporation Law of the State of Delaware could make an acquisition of us more difficult and may prevent attempts by our stockholders to replace or remove our management.

Provisions in our amended and restated certificate of incorporation and our bylaws may delay or prevent an acquisition of us or a change in our management. These provisions include a classified board of directors, a prohibition on

actions by written consent of our stockholders, and the ability of the Board of Directors of the Company, or the Board, to issue preferred stock without stockholder approval. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, or DGCL, which prohibits stockholders owning in excess of 15% of the outstanding combined organization voting stock from merging or combining with the combined organization. Although we believe these provisions collectively will provide for an opportunity to receive higher bids by requiring potential acquirers to negotiate with our Board, they would apply even if the offer may be considered beneficial by some stockholders. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove then-current management by making it more difficult for stockholders to replace members of the Board, which is responsible for appointing the members of management.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders,

which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our amended and restated certificate of incorporation provides that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any of the following types of actions or proceedings under Delaware statutory or common law: derivative action or proceeding brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, any action asserting a claim arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws or any action asserting a claim that is governed by the internal affairs doctrine, in each case subject to the Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act, or any other claims for which a court or forum other than the Court of Chancery has exclusive jurisdiction or for which the Court of Chancery does not have subject matter jurisdiction. Furthermore, Section 22 of the Securities Act, creates concurrent jurisdiction for federal and state courts over all Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. Our amended and restated certificate of incorporation also provides that any person purchasing or otherwise acquiring any interest in any shares of our common stock shall be deemed to have notice of and to have consented to this provision of our amended and restated certificate of incorporation.

This choice of forum provision may limit our stockholders' ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and our directors, officers, employees and agents even though an action, if successful, might benefit our stockholders. Stockholders who do bring a claim in the Court of Chancery could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Delaware. The Court of Chancery may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments or results may be more favorable to us than to our stockholders. If a court were to find this exclusive forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in any action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could have a material adverse effect on our business, financial condition or results of operations.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

We have incurred substantial losses during our history and do not expect to become profitable in the near future, and we may never achieve profitability, if ever. Our net operating loss, or NOL, carryforwards generated in tax years beginning on or before December 31, 2017, are only permitted to be carried forward for 20 years under applicable U.S. tax law. Under the Tax Cuts and Jobs Act, as modified by the CARES Act, our federal NOLs generated in tax years beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such federal NOLs is limited to 80% of taxable income. In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if a corporation undergoes an "ownership change," generally defined as a greater than 50% change (by value) in its equity ownership over a three-year period, the corporation's ability to use its pre-change NOL, and other pre-change tax attributes (such as research tax credits) to offset its post-change income or taxes may be limited. We have experienced ownership changes in the past. We completed a review of our changes in ownership through December 31, 2022 and determined that we experienced an "ownership change" within the meaning of Section 382(g) during the fourth quarter of 2022. This ownership change has and will continue to subject our net operating loss carryforwards to an annual limitation, which will significantly restrict our ability to use them to offset our taxable income in periods following the ownership change.

We determined that at the date of the 2022 ownership change, we had a net unrealized built-in loss ("NUBIL"). The NUBIL was determined based on the difference between the fair market value of our assets and their tax basis at the ownership change date. Because of the NUBIL, certain deductions recognized during the five-year period beginning on the date of the IRC Section 382 ownership change (the "recognition period") are subject to the same limitation as the net operating loss carryforwards or certain other deductions.

In addition, as of December 31, 2023, we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which are outside determined that we ceased operations of our control. As historical business enterprise which subjects us to a result, if zero limitation as defined under IRC Section 382(c). Therefore, we earn net taxable income, are restricted in our ability to use our pre-change NOL carryforwards to offset U.S. federal taxable income may be subject to limitations, which could potentially result any of the historical net operating losses that occurred before the most recent ownership change in increased future tax liability to us. In addition, at the state level, there may be periods during which the use 4th quarter of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed.

2022.

General Risk Factors

FINRA sales practice requirements may limit a stockholder's ability to buy and sell our stock due to our low stock price.

The Financial Industry Regulatory Authority, or FINRA, has adopted rules requiring that, in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative or low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA has indicated its belief that there is a high probability that speculative or low-priced securities will not be suitable for at least some customers. If these FINRA requirements are applicable to us or our securities, which we believe they are, they may make it more difficult for broker-dealers to recommend that at least some of their customers

buy our common stock, which may limit the ability of our stockholders to buy and sell our common stock and could have an adverse effect on the market for and price of our common stock.

If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. Our research coverage by securities and industry analysts is currently limited. In addition, because we did not become a reporting company by conducting an underwritten initial public offering of our common stock, security analysts of brokerage firms may not provide wider coverage of our Company. In addition, investment banks may be less likely to agree to underwrite secondary offerings on our behalf than they might if we became a public reporting company by means of an underwritten initial public offering, because they may be less familiar with our Company as a result of more limited coverage by analysts and the media, and because we became public at an early stage in our development. The failure to receive wider research coverage or support in the market for our shares will have an adverse effect on our ability to develop a liquid market for our common stock and the trading price for our stock would be negatively impacted.

In the event we obtain wider securities or industry analyst coverage, if any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property or our stock performance, or if our target studies and operating results fail to meet the expectations of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable. During the quarter ended March 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit No.	Exhibit Description	Form	Incorporated by Reference		
			Exhibit No.	Filing Date	File No.
3.1	Certificate of Amendment to Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on September 26, 2017.	8-K	3.2	10/02/17	000-55764
3.2	Amended and Restated Certificate of Incorporation, as filed with the Secretary of State of the State of Delaware on November 15, 2017.	10-K	3.3	3/11/21	001-39011
3.3	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Excure, Inc., effective June 29, 2022.	8-K	3.1	06/29/22	001-39011
3.4	Amended and Restated Bylaws, as currently in effect.	8-K	3.4	10/02/17	000-55764

10.1	Employment Agreement, dated Aug. 28, 2023, among Exicure, Inc. and Paul Kang	8-K	10.1	08/23/23	001-39011
10.2	Employment Agreement, dated Aug. 28, 2023, among Exicure, Inc. and Jiyoung Hwang	8-K	10.2	08/23/23	001-39011
31.1*	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2*	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1**	Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document				

104* Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Exhibit No.	Exhibit Description	Form	Incorporated by Reference		
			Exhibit No.	Filing Date	File No.
3.1	Certificate of Amendment to Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on September 26, 2017.	8-K	3.2	10/02/17	000-55764
3.2	Amended and Restated Certificate of Incorporation, as filed with the Secretary of State of the State of Delaware on November 15, 2017.	10-K	3.3	3/11/21	001-39011
3.3	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Exicure, Inc., effective June 29, 2022.	8-K	3.1	06/29/22	001-39011
3.4	Amended and Restated Bylaws, as currently in effect.	8-K	3.4	10/02/17	000-55764
31.1*	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				

31.2*	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934. As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** The certification attached as Exhibit 32.1 that accompanies this Quarterly Report on Form 10-Q is not deemed filed with the SEC and is not to be incorporated by reference into any filing of Exicure, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of such Form 10-Q), irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

Date: May 16, 2024 June 17, 2024

EXICURE, INC.

By: /s/ Paul Kang
Paul Kang
Chief Executive Officer

By: /s/ Jiyoung Hwang
Jiyoung Hwang
Chief Financial Officer

By: /s/ Joshua Miller
Joshua Miller
Chief Accounting Officer

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement"), by and among Exicure, Inc. (the "Company") and Paul Kang ("You" or "Your") (the Company and You each a "Party", and collectively the "Parties"), is entered into and effective as of August 28, 2023 (the "Effective Date").¹

WHEREAS, the Company desires to employ You as its Chief Executive Officer and You desire to accept said employment by the Company;

WHEREAS, the Company has agreed to employ You in exchange for Your compliance with the terms of this Agreement; and

WHEREAS, the Company and You desire to express the terms and conditions of Your employment in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Employment and Duties.

(a) Position. As of the Effective Date, the Company shall employ You as its Chief Executive Officer.

(b) Reporting. You shall report directly and exclusively to the Board of Directors ("Board") of the Company.

(c) Duties. You agree to make best efforts to perform the duties as set forth in Exhibit B (the "Duties") and as may otherwise be assigned to You by the Company from time to time in its sole and absolute discretion as needed. You agree to act at all times to the best of Your knowledge in the best interests of the Company. You further agree to promptly report to the Board all material decisions made by You related to the Duties and the Company's business, operations, and finances.

(d) Devotion of Time. You agree to (i) devote all necessary working time required of Your position, (ii) devote Your best efforts, skill, and energies to promote and advance the business and/or interests of the Company, and (iii) fully perform Your obligations under this Agreement. Notwithstanding the foregoing, the Company acknowledges and agrees that You currently hold officer positions at Alta Companies Ltd. and CBI USA, Inc. In addition, You may (i) engage in community, charitable, and educational activities, (ii) manage Your personal investments, and (iii) serve on corporate boards or committees, provided that such activities in subclauses (i) through (iii) do not conflict or interfere with the performance of Your obligations under this Agreement or conflict with the interests of the Company.

(e) Company Policies. You agree to comply with the policies and procedures of the Company as may be adopted and changed from time to time, including those described in the Company's employee handbook. If this Agreement conflicts with such policies or procedures, this Agreement shall control.

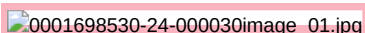
(f) Fiduciary Duties. As an officer of the Company, You owe a duty of care and loyalty to the Company, as well as a duty to perform Your Duties in a manner that is in the best interests of the Company. You owe such duties to the Company in addition to duties imposed upon You under applicable law.

(g) Geographic Area. You shall perform Your duties primarily remotely, subject to necessary travel requirements.

2. Term. Your employment relationship with the Company is at-will. You may terminate Your employment with the Company at any time and for any reason whatsoever by notifying the Company, and the Company may terminate Your employment at any time with or without cause or advance notice. The period during which You are employed by the Company shall be referred to as the "Employment Period."

3. Compensation and Benefits.

(a) Base Salary. During the Employment Period, the Company shall pay You an annual base salary ("Base Salary") of One Hundred Fifty Thousand Dollars (\$150,000), subject to all applicable withholdings, in accordance with



¹ Unless otherwise indicated, all capitalized terms used in this Agreement are defined in the "Definitions" section attached as Exhibit A. Exhibit A is incorporated by reference and is included in this Agreement.

the Company's normal payroll practices. Your Base Salary may be adjusted at the discretion of the Board based upon Your performance and the Company's performance, as determined in the sole and absolute discretion of the Board.

(b) Benefits Plans. During the Employment Period, You are eligible to participate in benefit plans from time to time in effect for executives and employees of the Company, subject to the terms and conditions of such plans as in effect from time to time.

(c) Business Expenses. During the Employment Period, the Company shall reimburse You for all business expenses incurred by You in the performance of Your duties under this Agreement in accordance with the policies and procedures of the Company.

4. Indemnification. The Company shall indemnify You to the extent permitted by applicable law from and against any action, suit, proceeding, or liability arising as a direct consequence of the discharge of Your duties under this Agreement or of Your status as an officer or director of the Company.

5. **Termination.** As an at-will employee, Your employment and this Agreement may be terminated at any time and for any reason by You or by the Company.

6. **Company's Post-Termination Obligations.** If this Agreement terminates for any reason, then the Company shall:

(i) pay You all accrued but unpaid wages through the date of Your "separation from service," as defined in Internal Revenue Code Section 409A, based on Your then current Base Salary, and (ii) pay You separation payment equal to eighteen (18) months of your then current Base Salary (the Base Salary for such calculation not to be less than \$150,000), which will be paid in one-time lump sum within five (5) business days following the date of Your "separation from service" (the "Separation Payment"). You acknowledge and agree that the Separation Payment shall constitute the consideration for the release, noted below, and Your Post-Termination Obligations and shall constitute full satisfaction of the Company's post-termination obligations under this Agreement. However, the Company's obligation to pay the Separation Payment to You shall be conditioned upon the following: Your execution and non-revocation of a reasonable release agreement in a form prepared by the Company in its sole and absolute discretion and in which You release the Company (including the Company's parents, subsidiaries, affiliates, and all related companies, as well as each of their respective officers, directors, shareholders, employees, agents and any other representatives, any employee benefits plan of the Company, and any fiduciary of those plans) from any and all liability and claims of any kind whatsoever, regardless whether such claims are known at the time of the release.

7. **Your Post-Termination Obligations.**

(a) **Return of Materials/Property.** Upon the termination of Your employment for any reason or upon the Company's request at any time, You shall immediately return to the Company all of the Company's property, including, but not limited to, computers, computer equipment, office equipment, mobile phone, keys, passcards, credit cards, confidential or proprietary lists (including, but not limited to, customer, supplier, licensor, and client lists), rolodexes, tapes, laptop computer, electronic storage device, software, computer files, marketing and sales materials, and any other property, record, document, or piece of equipment belonging to the Company. You shall not (a) retain any copies of the Company's property, including any copies existing in electronic form, which are in Your possession custody, or control, or (b) destroy, delete, or alter any Company property, including, but not limited to, any files stored electronically, without the Company's prior written consent. The obligations contained in this Section shall also apply to any property which belongs to a third party, including, but not limited to, (a) any entity which is affiliated or related to the Company, or (b) the Company's customers, licensors, or suppliers.

(b) **Set-Off.** If You have any outstanding obligations to the Company upon the termination of Your employment for any reason, You hereby authorize the Company to deduct any amounts (up to \$10,000) owed to the Company from Your final paycheck and any other amounts that would otherwise be due to You, including under Section 6 above, except to the extent such amounts constitute "deferred compensation" under Internal Revenue Code Section 409A. Nothing in this Section 7(b) shall limit the Company's right to pursue means other than or in addition to deduction to recover the full amount of any outstanding obligations to the Company.

(c) **Non-Disparagement.** During Your employment and following the termination of Your employment with the Company for any reason, You shall not make any false and disparaging/defamatory statements, whether written or oral, regarding the Company, or any of its current or former officers, directors, shareholders, or employees. Nothing in this Paragraph precludes You from making truthful statements required by law, regulation, or legal process, reporting alleged

crimes or unlawful employment practices to any appropriate federal, state, or local governmental agency, or participating in a proceeding with any appropriate federal, state, or local government agency enforcing discrimination laws.

(d) **Resignation.** Upon the termination of Your employment with the Company for any reason, You shall deliver to the Company a written resignation from all offices, memberships on the Board, and fiduciary positions in which You serve.

8. **Assignment of Rights.** You acknowledge and agree that, as between You and the Company, the Company shall own, and You hereby assign and, upon future creation, automatically assign to the Company, all right, title and interest, including, without limitation all Intellectual Property Rights, in and to any existing and future Work Product (created after the Effective Date) that (a) is or was created within the scope of Your employment, (b) is based on, results from, or is suggested by any work performed within the scope of Your employment and is related to the Company's business, (c) has been or will be paid for by the Company, or (d) was created or improved in whole or in part through use of the Company's time, personnel, resources, data, facilities, or equipment. All Work Product, to the extent permitted by applicable law, shall constitute work made for hire and shall be owned upon its creation exclusively by the Company and shall be limited to rights related to the research efforts of the Company.

You shall not take any actions inconsistent with the provisions of this Section, including but not limited to the execution of any agreements with any third parties that may affect the Company's title in and to any Work Product. At the Company's request, You agree, reasonable expenses to be reimbursed, to perform, during or after Your employment with the Company, any acts to transfer, perfect and defend the Company's ownership of the Work Product, including, but not limited to: (i) executing all documents and instruments (including additional written assignments to the Company), whether for filing an application or registration for protection of the Work Product (an "Application") or otherwise under any form of intellectual property laws whether in the United States or elsewhere in the world, (ii) explaining the nature and technical details of construction and operation of the Work Product to persons designated by the Company, (iii) reviewing and approving Applications and other related papers, or (iv) providing any other assistance reasonably required for the orderly prosecution of Applications. You agree to provide additional evidence to support the foregoing if such evidence is considered necessary by the Company, is in Your possession or control, and is reasonably available and retrievable.

You agree to disclose to the Company and provide the Company with a complete written description of any Work Product in which You are involved (solely or jointly with others) and the circumstances surrounding the creation of such Work Product, upon creation of any subject matter that may constitute Work Product, and upon request by the Company. Your failure to provide such a description to the Company, or the Company's failure to request such a description from You, will not alter the rights of the Company to any Work Product under this Section or otherwise.

Notification Pursuant to the Employee Patent Act, 765 ILCS 1060/2 (1983)

Notwithstanding anything to the contrary set forth in this Agreement, this Agreement does not apply to an invention for which no equipment, supplies, facility, or trade secret information of the Company was used and which was developed entirely on Your own time, unless (a) the invention relates (i) to the business of the Company, or (ii) to the Company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by You for the Company.

9. [Section intentionally omitted]

10. Release. During Your employment, You consent to the Company's reasonable use of Your image, likeness, voice, or other characteristics in the Company's products, services, marketing or informational materials. You release the Company from any cause of action which You have or may have arising out of the use, distribution, adaptation, reproduction, broadcast, or exhibition of such characteristics.

11. Post-Employment Activities. You acknowledge and agree that, beginning on the date Your employment with the Company terminates for any reason, (i) You shall remove any reference to the Company as Your current employer from any source You control, either directly or indirectly, including, but not limited to, any Social Media such as LinkedIn, Facebook, Twitter, and/or Instagram, and (ii) You are not permitted to represent Yourself as currently being employed by the Company to any person or entity, including, but not limited to, on any Social Media.

12. Injunctive Relief. If You breach or threaten to breach any portion of this Agreement, You agree that: (a) the Company would suffer irreparable harm; (b) it would be difficult to determine damages, and money damages alone would

be an inadequate remedy for the injuries suffered by the Company; and (c) the company shall have the right to seek injunctive relief to enforce this Agreement. Nothing contained in this Agreement shall limit the Company's right to any other remedies at law or in equity.

13. [Section intentionally omitted]

14. Attorneys' Fees. In the event of litigation relating to this Agreement, the Company and You shall, if it is the prevailing party, be entitled to recover attorneys' fees and costs of litigation in addition to all other remedies available at law or in equity.

15. Waiver. A Party's failure to enforce any provision of this Agreement shall not act as a waiver of that or any other provision. A Party's waiver of any breach of this Agreement shall not act as a waiver of any other breach.

16. Severability. The provisions of this Agreement are severable. If any provision is determined to be invalid, illegal, or unenforceable, in whole or in part, then such provision shall be modified so as to be enforceable to the maximum extent permitted by law. If such provision cannot be modified to be enforceable, the provision shall be severed from this Agreement to the extent unenforceable. The remaining provisions and any partially enforceable provisions shall remain in full force and effect.

17. Non-Interference. Notwithstanding anything to the contrary set forth in this Agreement or in any other agreement between You and the Company, nothing in this Agreement or in any other agreement shall limit Your ability, or otherwise interfere with Your rights, to (a) file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, or any other federal, state, or local governmental agency or commission (each a "Government Agency"), (b) communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company, (c) receive an award for information provided to any Government Agency, or (d) engage in activity specifically protected by Section 7 of the National Labor Relations Act, or any other federal or state statute or regulation.

18. Governing Law. The laws of the State of Illinois, and the Defend Trade Secrets Act of 2016, where applicable, shall govern this Agreement. If Illinois' conflict of law rules would apply another state's laws, the Parties agree that Illinois law shall still govern.

19. No Strict Construction. If there is a dispute about the language of this Agreement, the fact that one Party drafted the Agreement shall not be used in its interpretation.

20. Entire Agreement. This Agreement, including Exhibits A and B, which are incorporated by reference, constitutes the entire agreement between the Parties concerning the subject matter of this Agreement. This Agreement supersedes any prior communications, agreements or understandings, whether oral or written, between the Parties relating to the subject matter of this Agreement.

21. Amendments. This Agreement may not otherwise be amended or modified except in writing signed by both Parties.

22. Successors and Assigns. This Agreement shall be assignable to, and shall inure to the benefit of, the Company's successors and assigns, including, without limitation, successors through merger, name change, consolidation, or sale of a majority of the Company's stock or assets, and shall be binding upon You. You shall not have the right to assign Your rights or obligations under this Agreement.

23. Notice. Whenever any notice is required, it shall be given in writing addressed as follows: To Company: Exicure, Inc.
2430 N. Halsted Street Chicago, IL 60614

To Executive: Paul Kang
610 Fifth Avenue #5535 New York, NY 10185

Notice shall be deemed given and effective on the earlier of: (i) the date on which it is actually received; (ii) the next business day after it is deposited with UPS, FedEx, or a similar overnight courier service for next business day delivery; or (iii) three (3) days after its deposit in the U.S. Mail addressed as above and sent first class mail, certified, return receipt requested. Either Party may change the address to which notices shall be delivered or mailed by notifying the other party of such change in accordance with this Section.

24. **Consent to Jurisdiction and Venue.** You agree that any and all claims arising out of or relating to this Agreement shall be brought solely and exclusively in a state or federal court of competent jurisdiction in Illinois. You consent to the personal jurisdiction of the state and/or federal courts located in Illinois. You waive (a) any objection to jurisdiction or venue, or (b) any defense claiming lack of jurisdiction or improper venue, in any action brought in such courts.

25. **Execution.** This Agreement may be executed in one or more counterparts, including, but not limited to, facsimiles. Each counterpart shall for all purposes be deemed to be an original, and each counterpart shall constitute this Agreement.

26. **Affirmation.** YOU ACKNOWLEDGE THAT YOU HAVE CAREFULLY READ THIS AGREEMENT, YOU KNOW AND UNDERSTAND ITS TERMS AND CONDITIONS, AND YOU HAVE HAD THE OPPORTUNITY TO ASK THE COMPANY ANY QUESTIONS YOU MAY HAVE HAD PRIOR TO SIGNING THIS AGREEMENT.

27. **Taxes; Withholding.** The Company may deduct and withhold from any amounts payable under this Agreement such federal, state, local, non-U.S. or other taxes as are required to be withheld pursuant to any applicable law or regulation. The Company shall not be liable to, and You shall be solely liable and responsible for, any taxes that may be imposed on You.

28. **Compliance With Internal Revenue Code Section 409A.** The Parties agree that this Agreement shall be interpreted and administered in a manner so that any amount or benefit payable hereunder shall be paid or provided in a manner that is exempt from, or, if that is not possible, then compliant with the requirements of Section 409A of the Internal Revenue Code (the "Code") and applicable Internal Revenue Service guidance and Treasury Regulations issued thereunder. Nevertheless, the tax treatment of the benefits provided under the Agreement is not warranted or guaranteed. Neither the Company nor its managers, members, officers, employees, or advisers shall be held liable for any taxes, interest, penalties, or other monetary amounts owed by You as a result of the application of Section 409A of the Code. Any right to a series of installment payments under this Agreement shall, for purposes of Section 409A of the Code, be treated as a right to a series of separate payments.

All reimbursements and in-kind benefits provided under this Agreement that are includible in Your federal gross taxable income shall be made or provided in accordance with the requirements of Section 409A of the Code, including the requirement that (i) any reimbursement is for expenses incurred during Your lifetime (or during a shorter period of time specified in this agreement), (ii) the amount of expenses eligible for reimbursement or in-kind benefit provided during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense was incurred, and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

In the event that You are a "specified employee" (as described in Code Section 409A), and any payment or benefit payable pursuant to this Agreement constitutes deferred compensation under Code Section 409A and would otherwise be payable upon Your "separation from service" (as described in Code Section 409A), then no such payment or benefit shall be made before the date that is six (6) months after Your "separation from service" (or, if earlier, the date of Your death). Any payment or benefit delayed by reason of the prior sentence (the "Delayed Payment") shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

29. **Clawbacks.** The payments to Executive pursuant to this Agreement are subject to forfeiture or recovery by the Company as may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

30. **Right to Advice.** You acknowledge that You were informed that You have the right to request or receive confidential legal advice and consult with an attorney before executing the Agreement and that this Paragraph shall constitute written notice of the right to consult with legal counsel.


IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

Excicure, Inc.

By: /s/ Josh Miller Josh Miller
Chief Accounting Officer

Date:

8/28/23

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By: /s/ Paul Kang

Paul Kang

Date: 8/28/23

EXHIBIT A DEFINITIONS

A. "Confidential Information" means (1) information of the Company, to the extent not considered a Trade Secret under applicable law, that (a) relates to the business of the Company, (b) was disclosed to You or of which You became aware of as a consequence of Your relationship with the Company, (c) possesses an

element of value to the Company, and

(d) is not generally known to the Company's competitors, and (2) information of any third party provided to the Company which the Company is obligated to treat as confidential, including, but not limited to, information provided to the Company by its licensors, suppliers, or customers. Confidential Information includes, but is not limited to, (i) methods of operation, (ii) price lists, (iii) financial information and projections, (iv) personnel data, (v) future business plans, (vi) the composition, description, schematic or design of products, future products or equipment of the Company or any third party, (vii) the Work Product, (viii) advertising or marketing plans, and (ix) information regarding independent contractors, employees, clients, licensors, suppliers, Customers, prospective customers, or any third party, including, but not limited to, the names of Customers and prospective customers, Customer and prospective customer lists compiled by the Company, and Customer and prospective customer information compiled by the Company. Confidential Information shall not include any information that (v) is or becomes generally available to the public other than as a result of an unauthorized disclosure, (w) has been independently developed and disclosed by others without violating this Agreement or the legal rights of any party, (x) otherwise enters the public domain through lawful means, (y) making truthful statements required by law, regulation, or legal process, or reporting crimes or unlawful employment practices, to any appropriate federal, state, or local governmental agency, or (z) participating in a proceeding with any appropriate federal, state, or local government agency enforcing discrimination laws.

B. "Intellectual Property Rights" are all: (a) patents and associated reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part; (b) all inventions, whether patentable or not and whether or not reduced to practice; (c) registered and unregistered trademarks, service marks, certification marks, trade dress, logos, trade names, brand names, corporate names, business and product names, internet domain names, internet uniform resource locators, and internet protocol addresses and all goodwill associated with these rights; (d) Trade Secrets, industrial rights, industrial designs; (e) registered and unregistered works of authorship, copyrights, moral rights and publicity rights; (f) all rights to computer software, computer software source code, proprietary databases and mask works and all documentation and developer tools associated with these; (g) proprietary rights that are similar in nature to those enumerated in (a) through (f) anywhere in the world, (h) all enhancements and improvements to and all derivations of any of the rights enumerated in (a) through (g); and (i) all applications, registrations and documentation associated with the rights described in (a) through (g).

C. "Social Media" means any form of electronic communication (such as Web sites for social networking and micro blogging) through which users create online communities to share information, ideas, personal messages, and other content, such as videos.

D. "Trade Secrets" means information of the Company, and its licensors, suppliers, clients, and customers, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, a list of actual customers, clients, licensors, or suppliers, or a list of potential customers, clients, licensors, or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

E. "Work Product" means:

(A) any data, databases, materials, documentation, computer programs, inventions (whether or not patentable), designs, trademarks, trade dress, and/or works of authorship, including but not limited to, discoveries, ideas, concepts, properties, formulas, compositions, methods, programs, procedures, systems, techniques, products, improvements, innovations, writings, pictures, audio, video, images, and artistic works, and any related application or registrations, and each and every original, interim and final version, copy, replica, prototype, or other original work of authorship thereof or in any way related thereto, any and all reproductions, distribution rights, ancillary rights, performances, displays, derivative works, amendments, versions, modifications, copies, or other permutations of the foregoing, regardless of the form or type and the renewals and extensions thereof;

(B) any subject matter (including but not limited to any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof) protected or eligible for protection under patent, copyright, proprietary database, trademark, trade dress, Trade Secret, rights of publicity, Confidential Information, or other property rights, including all worldwide rights therein;

(C) any goodwill, commercial and economic benefits, relationship and contracts arising out of or resulting from Your employment; and

(D) any Intellectual Property Rights included within and associated with the items described in (i), (ii) and (iii).

EXHIBIT B JOB DUTIES

- Overseeing the ongoing operations of all divisions in the Company
- Overseeing employment decisions at executive level
- Working with the board of the directors and other executives to establish short-term objectives and long-term goals, and related plans and policies
- Reporting regular reports on the status of the Company's operations to the board of directors
- Reviewing the financial results of all operations vis-à-vis the Company objectives and taking appropriate measures to correct unsatisfactory performance and results
- Ensuring the Company's compliance with all applicable laws, rules, regulations and standards

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement"), by and among Exicure, Inc. (the "Company") and Jiyoung Hwang ("You" or "Your") (the Company and You each a "Party," and collectively the "Parties"), is entered into and effective as of August 28, 2023 (the "Effective Date").¹

WHEREAS, the Company desires to employ You as its Chief Financial Officer and You desire to accept said employment by the Company;

WHEREAS, the Company has agreed to employ You in exchange for Your compliance with the terms of this Agreement; and

WHEREAS, the Company and You desire to express the terms and conditions of Your employment in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Employment and Duties.

(a) Position. As of the Effective Date, the Company shall employ You as its Chief Financial Officer.

(b) Reporting. You shall report directly and exclusively to the Chief Executive Officer of the Company.

(c) Duties. You agree to make best efforts to perform the duties as set forth in Exhibit B (the "Duties") and as may otherwise be assigned to You by the Company from time to time in its sole and absolute discretion as needed. You agree to act at all times to the best of Your knowledge in the best interests of the Company. You further agree to promptly report to the Board all material decisions made by You related to the Duties and the Company's business, operations, and finances.

(d) Devotion of Time. You agree to (i) devote all necessary working time required of Your position, (ii) devote Your best efforts, skill, and energies to promote and advance the business and/or interests of the Company, and (iii) fully perform Your obligations under this Agreement. Notwithstanding the foregoing, the Company acknowledges and agrees that You currently hold a director position at CBI USA, Inc. and an officer position at CBI Co., Ltd. in Korea. In addition, You may (i) engage in community, charitable, and educational activities, (ii) manage Your personal investments, and (iii) serve on corporate boards or committees, provided that such activities in subclauses (i) through (iii) do not conflict or interfere with the performance of Your obligations under this Agreement or conflict with the interests of the Company.

(e) Company Policies. You agree to comply with the policies and procedures of the Company as may be adopted and changed from time to time, including those described in the Company's employee handbook. If this Agreement conflicts with such policies or procedures, this Agreement shall control.

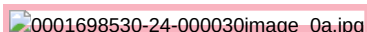
(f) Fiduciary Duties. As an officer of the Company, You owe a duty of care and loyalty to the Company, as well as a duty to perform Your Duties in a manner that is in the best interests of the Company. You owe such duties to the Company in addition to duties imposed upon You under applicable law.

(g) Geographic Area. You shall perform Your duties primarily remotely, subject to necessary travel requirements.

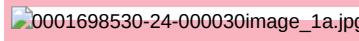
2. Term. Your employment relationship with the Company is at-will. You may terminate Your employment with the Company at any time and for any reason whatsoever by notifying the Company, and the Company may terminate Your employment at any time with or without cause or advance notice. The period during which You are employed by the Company shall be referred to as the "Employment Period."

3. Compensation and Benefits.

(a) Base Salary. During the Employment Period, the Company shall pay You an annual base salary ("Base Salary") of One Hundred Fifty Thousand Dollars (\$150,000), subject to all applicable withholdings, in accordance with the



¹ Unless otherwise indicated, all capitalized terms used in this Agreement are defined in the "Definitions" section attached as Exhibit

 A. Exhibit A is incorporated by reference and is included in this Agreement.

Company's normal payroll practices. Your Base Salary may be adjusted at the discretion of the Board based upon Your performance and the Company's performance, as determined in the sole and absolute discretion of the Board.

(b) Benefits Plans. During the Employment Period, You are eligible to participate in benefit plans from time to time in effect for executives and employees of the Company, subject to the terms and conditions of such plans as in effect from time to time.

(c) Business Expenses. During the Employment Period, the Company shall reimburse You for all business expenses incurred by You in the performance of Your duties under this Agreement in accordance with the policies and procedures of the Company.

4. Indemnification. The Company shall indemnify You to the extent permitted by applicable law from and against any action, suit, proceeding, or liability arising as a direct consequence of the discharge of Your duties under this Agreement or of Your status as an officer or director of the Company.

5. Termination. As an at-will employee, Your employment and this Agreement may be terminated at any time and for any reason by You or by the Company.

6. Company's Post-Termination Obligations. If this Agreement terminates for any reason, then the Company shall:

(i) pay You all accrued but unpaid wages through the date of Your "separation from service," as defined in Internal Revenue Code Section 409A, based on Your then current Base Salary, and (ii) pay You separation payment equal to eighteen (18) months of your then current Base Salary (the Base Salary for such calculation not to be less than \$150,000), which will be paid in one-time lump sum within five (5) business days following the date of Your "separation from service" (the "Separation Payment"). You acknowledge and agree that the Separation Payment shall constitute the consideration for the release, noted below, and Your post-termination obligations and shall constitute full satisfaction of the Company's post-termination obligations under this Agreement. However, the Company's obligation to pay the Separation Payment to You shall be conditioned upon the following: Your execution and non-revocation of a reasonable release agreement in a form prepared by the Company in its sole and absolute discretion and in which You release the Company (including the Company's parents, subsidiaries, affiliates, and all related companies, as well as each of their respective officers, directors, shareholders, employees, agents and any other representatives, any employee benefits plan of the Company, and any fiduciary of those plans) from any and all liability and claims of any kind whatsoever, regardless whether such claims are known at the time of the release.

7. Your Post-Termination Obligations.

(a) Return of Materials/Property. Upon the termination of Your employment for any reason or upon the Company's request at any time, You shall immediately return to the Company all of the Company's property, including, but not limited to, computers, computer equipment, office equipment, mobile phone, keys, passcards, credit cards, confidential or proprietary lists (including, but not limited to, customer, supplier, licensor, and client lists), rolodexes, tapes, laptop computer, electronic storage device, software, computer files, marketing and sales materials, and any other property, record, document, or piece of equipment belonging to the Company. You shall not (a) retain any copies of the Company's property, including any copies existing in electronic form, which are in Your possession custody, or control, or (b) destroy, delete, or alter any Company property, including, but not limited to, any files stored electronically, without the Company's prior written consent. The obligations contained in this Section shall also apply to any property which belongs to a third party, including, but not limited to, (a) any entity which is affiliated or related to the Company, or (b) the Company's customers, licensors, or suppliers.

(b) Set-Off. If You have any outstanding obligations to the Company upon the termination of Your employment for any reason, You hereby authorize the Company to deduct any amounts (up to \$10,000) owed to the Company from Your final paycheck and any other amounts that would otherwise be due to You, including under Section 6 above, except to the extent such amounts constitute "deferred compensation" under Internal Revenue Code Section 409A. Nothing in this Section 7(b) shall limit the Company's right to pursue means other than or in addition to deduction to recover the full amount of any outstanding obligations to the Company.

(c) Non-Disparagement. During Your employment and following the termination of Your employment with the Company for any reason, You shall not make any false and disparaging/defamatory statements, whether written or oral, regarding the Company, or any of its current or former officers, directors, shareholders, or employees. Nothing is this

Paragraph precludes You from making truthful statements required by law, regulation, or legal process, reporting alleged crimes or unlawful employment practices to any appropriate federal, state, or local governmental agency, or participating in a proceeding with any appropriate federal, state, or local government agency enforcing discrimination laws.

(d) Resignation. Upon the termination of Your employment with the Company for any reason, You shall deliver to the Company a written resignation from all offices, memberships on the Board, and fiduciary positions in which You serve.

8. Assignment of Rights. You acknowledge and agree that, as between You and the Company, the Company shall own, and You hereby assign and, upon future creation, automatically assign to the Company, all right, title and interest, including, without limitation all Intellectual Property Rights, in and to any existing and future Work Product (created after the Effective Date) that (a) is or was created within the scope of Your employment, (b) is based on, results from, or is suggested by any work performed within the scope of Your employment and is related to the Company's business, (c) has been or will be paid for by the Company, or (d) was created or improved in whole or in part through use of the Company's time, personnel, resources, data, facilities, or equipment. All Work Product, to the extent permitted by applicable law, shall constitute work made for hire and shall be owned upon its creation exclusively by the Company and shall be limited to rights related to the research efforts of the Company.

You shall not take any actions inconsistent with the provisions of this Section, including but not limited to the execution of any agreements with any third parties that may affect the Company's title in and to any Work Product. At the Company's request, You agree, reasonable expenses to be reimbursed, to perform, during or after Your employment with the Company, any acts to transfer, perfect and defend the Company's ownership of the Work Product, including, but not limited to: (i) executing all documents and instruments (including additional written assignments to the Company), whether for filing an application or registration for protection of the Work Product (an "Application") or otherwise under any form of intellectual property laws whether in the United States or elsewhere in the world, (ii) explaining the nature and technical details of construction and operation of the Work Product to persons designated by the Company, (iii) reviewing and approving Applications and other related papers, or (iv) providing any other assistance reasonably required for the orderly prosecution of Applications. You agree to provide additional evidence to support the foregoing if such evidence is considered necessary by the Company, is in Your possession or control, and is reasonably available and retrievable.

You agree to disclose to the Company and provide the Company with a complete written description of any Work Product in which You are involved (solely or jointly with others) and the circumstances surrounding the creation of such Work Product, upon creation of any subject matter that may constitute Work Product, and upon request by the Company. Your failure to provide such a description to the Company, or the Company's failure to request such a description from You, will not alter the rights of the Company to any Work Product under this Section or otherwise.

Notification Pursuant to the Employee Patent Act, 765 ILCS 1060/2 (1983)

Notwithstanding anything to the contrary set forth in this Agreement, this Agreement does not apply to an invention for which no equipment, supplies, facility, or trade secret information of the Company was used and which was developed entirely on Your own time, unless (a) the invention relates (i) to the business of the Company, or (ii) to the Company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by You for the Company.

9. [Section intentionally omitted]

10. Release. During Your employment, You consent to the Company's reasonable use of Your image, likeness, voice, or other characteristics in the Company's products, services, marketing or informational materials. You release the Company from any cause of action which You have or may have arising out of the use, distribution, adaptation, reproduction, broadcast, or exhibition of such characteristics.

11. Post-Employment Activities. You acknowledge and agree that, beginning on the date Your employment with the Company terminates for any reason, (i) You shall remove any reference to the Company as Your current employer from any source You control, either directly or indirectly, including, but not limited to, any Social Media such as LinkedIn, Facebook, Twitter, and/or Instagram, and (ii) You are not permitted to represent Yourself as currently being employed by the Company to any person or entity, including, but not limited to, on any Social Media.

12. Injunctive Relief. If You breach or threaten to breach any portion of this Agreement, You agree that: (a) the Company would suffer irreparable harm; (b) it would be difficult to determine damages, and money damages alone would be an inadequate remedy for the injuries suffered by the Company; and (c) the Company shall have the right to seek injunctive relief to enforce this Agreement. Nothing contained in this Agreement shall limit the Company's right to any other remedies at law or in equity.

13. [Section intentionally omitted]

14. Attorneys' Fees. In the event of litigation relating to this Agreement, the Company and You shall, if it is the prevailing party, be entitled to recover attorneys' fees and costs of litigation in addition to all other remedies available at law or in equity.

15. Waiver. A Party's failure to enforce any provision of this Agreement shall not act as a waiver of that or any other provision. A Party's waiver of any breach of this Agreement shall not act as a waiver of any other breach.

16. Severability. The provisions of this Agreement are severable. If any provision is determined to be invalid, illegal, or unenforceable, in whole or in part, then such provision shall be modified so as to be enforceable to the maximum extent permitted by law. If such provision cannot be modified to be enforceable, the provision shall be severed from this Agreement to the extent unenforceable. The remaining provisions and any partially enforceable provisions shall remain in full force and effect.

17. Non-Interference. Notwithstanding anything to the contrary set forth in this Agreement or in any other agreement between You and the Company, nothing in this Agreement or in any other agreement shall limit Your ability, or otherwise interfere with Your rights, to (a) file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, or any other federal, state, or local governmental agency or commission (each a "Government Agency"), (b) communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company, (c) receive an award for information provided to any Government Agency, or (d) engage in activity specifically protected by Section 7 of the National Labor Relations Act, or any other federal or state statute or regulation.

18. Governing Law. The laws of the State of Illinois, and the Defend Trade Secrets Act of 2016, where applicable, shall govern this Agreement. If Illinois' conflict of law rules would apply another state's laws, the Parties agree that Illinois law shall still govern.

19. No Strict Construction. If there is a dispute about the language of this Agreement, the fact that one Party drafted the Agreement shall not be used in its interpretation.

20. Entire Agreement. This Agreement, including Exhibits A and B, which are incorporated by reference, constitutes the entire agreement between the Parties concerning the subject matter of this Agreement. This Agreement supersedes any prior communications, agreements or understandings, whether oral or written, between the Parties relating to the subject matter of this Agreement.

21. Amendments. This Agreement may not otherwise be amended or modified except in writing signed by both Parties.

22. Successors and Assigns. This Agreement shall be assignable to, and shall inure to the benefit of, the Company's successors and assigns, including, without limitation, successors through merger, name change, consolidation, or sale of a majority of the Company's stock or assets, and shall be binding upon You. You shall not have the right to assign Your rights or obligations under this Agreement.

23. Notice. Whenever any notice is required, it shall be given in writing addressed as follows: To Company: Exicure, Inc.
2430 N. Halsted Street Chicago, IL 60614

To Executive: Jiyoung Hwang
#104-601, 309, Yeoksam-ro
Gangnam-gu, Seoul, Republic of Korea, 06215

Notice shall be deemed given and effective on the earlier of: (i) the date on which it is actually received; (ii) the next business day after it is deposited with UPS, FedEx, or a similar overnight courier service for next business day delivery; or (iii) three

(3) days after its deposit in the U.S. Mail addressed as above and sent first class mail, certified, return receipt requested. Either Party may change the address to which notices shall be delivered or mailed by notifying the other party of such change in accordance with this Section.

24. **Consent to Jurisdiction and Venue.** You agree that any and all claims arising out of or relating to this Agreement shall be brought solely and exclusively in a state or federal court of competent jurisdiction in Illinois. You consent to the personal jurisdiction of the state and/or federal courts located in Illinois. You waive (a) any objection to jurisdiction or venue, or (b) any defense claiming lack of jurisdiction or improper venue, in any action brought in such courts.

25. **Execution.** This Agreement may be executed in one or more counterparts, including, but not limited to, facsimiles. Each counterpart shall for all purposes be deemed to be an original, and each counterpart shall constitute this Agreement.

26. **Affirmation.** YOU ACKNOWLEDGE THAT YOU HAVE CAREFULLY READ THIS AGREEMENT, YOU KNOW AND UNDERSTAND ITS TERMS AND CONDITIONS, AND YOU HAVE HAD THE OPPORTUNITY TO ASK THE COMPANY ANY QUESTIONS YOU MAY HAVE HAD PRIOR TO SIGNING THIS AGREEMENT.

27. **Taxes; Withholding.** The Company may deduct and withhold from any amounts payable under this Agreement such federal, state, local, non-U.S. or other taxes as are required to be withheld pursuant to any applicable law or regulation. The Company shall not be liable to, and You shall be solely liable and responsible for, any taxes that may be imposed on You.

28. **Compliance With Internal Revenue Code Section 409A.** The Parties agree that this Agreement shall be interpreted and administered in a manner so that any amount or benefit payable hereunder shall be paid or provided in a manner that is exempt from, or, if that is not possible, then compliant with the requirements of Section 409A of the Internal Revenue Code (the "Code") and applicable Internal Revenue Service guidance and Treasury Regulations issued thereunder. Nevertheless, the tax treatment of the benefits provided under the Agreement is not warranted or guaranteed. Neither the Company nor its managers, members, officers, employees, or advisers shall be held liable for any taxes, interest, penalties, or other monetary amounts owed by You as a result of the application of Section 409A of the Code. Any right to a series of installment payments under this Agreement shall, for purposes of Section 409A of the Code, be treated as a right to a series of separate payments.

All reimbursements and in-kind benefits provided under this Agreement that are includible in Your federal gross taxable income shall be made or provided in accordance with the requirements of Section 409A of the Code, including the requirement that (i) any reimbursement is for expenses incurred during Your lifetime (or during a shorter period of time specified in this agreement), (ii) the amount of expenses eligible for reimbursement or in-kind benefit provided during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense was incurred, and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

In the event that You are a "specified employee" (as described in Code Section 409A), and any payment or benefit payable pursuant to this Agreement constitutes deferred compensation under Code Section 409A and would otherwise be payable upon Your "separation from service" (as described in Code Section 409A), then no such payment or benefit shall be made before the date that is six (6) months after Your "separation from service" (or, if earlier, the date of Your death). Any payment or benefit delayed by reason of the prior sentence (the "Delayed Payment") shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

29. **Clawbacks.** The payments to Executive pursuant to this Agreement are subject to forfeiture or recovery by the Company as may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

30. **Right to Advice.** You acknowledge that You were informed that You have the right to request or receive confidential legal advice and consult with an attorney before executing the Agreement and that this Paragraph shall constitute written notice of the right to consult with legal counsel.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

Excure, Inc.

By: /s/ Josh Miller Josh Miller
Chief Accounting Officer

Date: 8/28/23

By: /s/ Jiyoung Hwang Jiyoung Hwang

Date: 8/28/23

EXHIBIT A DEFINITIONS

A. "Confidential Information" means (1) information of the Company, to the extent not considered a Trade Secret under applicable law, that (a) relates to the business of the Company, (b) was disclosed to You or of which You became aware of as a consequence of Your relationship with the Company, (c) possesses an element of value to the Company, and

(d) is not generally known to the Company's competitors, and (2) information of any third party provided to the Company which the Company is obligated to treat as confidential, including, but not limited to, information provided to the Company by its licensors, suppliers, or customers. Confidential Information includes, but is not limited to, (i) methods of operation, (ii) price lists, (iii) financial information and projections, (iv) personnel data, (v) future business plans, (vi) the composition,

description, schematic or design of products, future products or equipment of the Company or any third party, (vii) the Work Product, (viii) advertising or marketing plans, and (ix) information regarding independent contractors, employees, clients, licensors, suppliers, Customers, prospective customers, or any third party, including, but not limited to, the names of Customers and prospective customers, Customer and prospective customer lists compiled by the Company, and Customer and prospective customer information compiled by the Company. Confidential Information shall not include any information that (v) is or becomes generally available to the public other than as a result of an unauthorized disclosure, (w) has been independently developed and disclosed by others without violating this Agreement or the legal rights of any party, (x) otherwise enters the public domain through lawful means, (y) making truthful statements required by law, regulation, or legal process, or reporting crimes or unlawful employment practices, to any appropriate federal, state, or local governmental agency, or (z) participating in a proceeding with any appropriate federal, state, or local government agency enforcing discrimination laws.

B. "Intellectual Property Rights" are all: (a) patents and associated reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part; (b) all inventions, whether patentable or not and whether or not reduced to practice; (c) registered and unregistered trademarks, service marks, certification marks, trade dress, logos, trade names, brand names, corporate names, business and product names, internet domain names, internet uniform resource locators, and internet protocol addresses and all goodwill associated with these rights; (d) Trade Secrets, industrial rights, industrial designs; (e) registered and unregistered works of authorship, copyrights, moral rights and publicity rights; (f) all rights to computer software, computer software source code, proprietary databases and mask works and all documentation and developer tools associated with these; (g) proprietary rights that are similar in nature to those enumerated in (a) through (f) anywhere in the world, (h) all enhancements and improvements to and all derivations of any of the rights enumerated in (a) through (g); and (i) all applications, registrations and documentation associated with the rights described in (a) through (g).

C. "Social Media" means any form of electronic communication (such as Web sites for social networking and micro blogging) through which users create online communities to share information, ideas, personal messages, and other content, such as videos.

D. "Trade Secrets" means information of the Company, and its licensors, suppliers, clients, and customers, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, a list of actual customers, clients, licensors, or suppliers, or a list of potential customers, clients, licensors, or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

E. "Work Product" means:

(A) any data, databases, materials, documentation, computer programs, inventions (whether or not patentable), designs, trademarks, trade dress, and/or works of authorship, including but not limited to, discoveries, ideas, concepts, properties, formulas, compositions, methods, programs, procedures, systems, techniques, products, improvements, innovations, writings, pictures, audio, video, images, and artistic works, and any related application or registrations, and each and every original, interim and final version, copy, replica, prototype, or other original work of authorship thereof or in any way related thereto, any and all reproductions, distribution rights, ancillary rights, performances, displays, derivative works, amendments, versions, modifications, copies, or other permutations of the foregoing, regardless of the form or type and the renewals and extensions thereof;

(B) any subject matter (including but not limited to any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof) protected or eligible for protection under patent, copyright, proprietary database, trademark, trade dress, Trade Secret, rights of publicity, Confidential Information, or other property rights, including all worldwide rights therein;

(C) any goodwill, commercial and economic benefits, relationship and contracts arising out of or resulting from Your employment; and

(D) any Intellectual Property Rights included within and associated with the items described in (i), (ii) and (iii).

EXHIBIT B JOB DUTIES

- Driving the Company's financial planning
- Performing risk management by analyzing the Company's liabilities and investments
- Deciding on investment strategies by considering cash and liquidity risks
- Evaluating the Company's capital raising plans and capital structure
- Ensuring cash flow is appropriate for the Company's expenses
- Reporting regular reports on the status of the Company's restructuring efforts to the board of directors and the Chief Executive Officer
- Ensuring the Company's compliance with all applicable laws, rules, regulations and standards

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CERTIFICATIONS

I, Paul Kang, certify that:

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

Date: May 16, 2024 June 17, 2024

/s/ Paul Kang

Paul Kang

Chief Executive Officer

(Principal Executive Officer)

CERTIFICATIONS

I, Jiyoung Hwang, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Exicure, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2024 June 17, 2024

/s/ Jiyoung Hwang

Jiyoung Hwang

Chief Financial Officer

(Principal Financial Officer)

Exhibit 32.1

SECTION 1350 CERTIFICATIONS*

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. § 1350), Paul Kang, Chief Executive Officer of Exicure, Inc. (the "Company"), and Jiyoung Hwang, Chief Financial Officer of the Company, each hereby certifies that, to the best of his or her knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2023 March 31, 2024, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

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

Dated: May 16, 2024 June 17, 2024

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 16 17th day of May, June, 2024.

/s/ Paul Kang

Paul Kang

Chief Executive Officer

(Principal Executive Officer)

/s/ Jiyoung Hwang

Jiyoung Hwang

Chief Financial Officer

(Principal Financial Officer)

* This certification accompanies the Quarterly Report on Form 10-Q, to which it relates is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Exicure, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Quarterly Report on Form 10-Q), irrespective of any general incorporation language contained in such filing.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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