

Risk Factors Comparison 2025-03-18 to 2024-06-06 Form: 10-K

Legend: **New Text** ~~Removed Text~~ ~~Unchanged Text~~ **Moved Text** **Section**

In addition to other information contained in this Annual Report on Form 10-K, 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 actively 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 do have such resources or 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~~ **for at least** ~~. Substantial additional funding is needed in the very near term~~ **next 12 months**. 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 the investment in convertible notes receivable. In March 2024, ~~we the Company~~ notified the issuer of the investment in convertible notes receivable that ~~it was we were~~ exercising ~~its our~~ redemption right with respect to the entire principal amount of the 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~~ **Refer to Note 4- Investment in Convertible Notes Receivable for more details. We attempted to redeem the investment in convertible notes receivable** ~~during 2024~~ **indicate that the Company may request redemption on the first anniversary of the issue date**. However, the ~~investment in issuer of such~~ convertible notes ~~receivable contain schedules for dates of appears to have closed its operations and has not responded to our~~ redemption ~~notices and requests. If we are unable to successfully exercise our~~ redemption prices that do not contemplate a first **right we may be unable to obtain any or all of the** redemption **price under such** 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 investment in convertible notes receivable are redeemable on the first anniversary of their issue dates, the issuer has taken the position that the 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 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. If we are unable to redeem the investment in convertible notes receivable, or otherwise recognize value from ~~them such convertible notes~~, **it will which may** adversely impact our financial condition and prospects. **We will continue our redemption attempts, however, it is unlikely these investments will ever be redeemed**. Our controlling stockholders, executive officers and members of our board, have limited experience controlling or governing a public company operating in the United States status. Our controlling stockholders have not previously controlled a U. S. public company. In addition, ~~and~~ no members of ~~the our~~ board **of directors or nor** our chief executive officer ~~or nor~~ 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 **we comply** ~~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 ~~we have~~ ~~the Company has~~ following **recent prior** 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 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 controlled status, transitional state of operations, financial condition and related matters will impact our ability to attract the necessary personnel and manage these succession risks. Depending on the circumstances of any management departures, it is also possible that we will be required to pay significant severance, adversely impacting our financial condition. 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 December 31, ~~2023-2024~~, 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 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, ~~we have the Company has~~ received numerous deficiency notices with respect to various Nasdaq listing requirements in the past year and recently received a delisting determination from the Nasdaq staff. These related to: • ~~Compliance compliance~~ with Nasdaq’s minimum bid price rule due to ~~our common~~ the Company’s stock trading below \$ 1.00 for a sustained period of time. ~~We 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, ~~we the Company~~ received a delinquency notification that the closing bid price of ~~our common~~ the Company’s stock traded below \$ 1.00 for the previous 30 consecutive business days. ~~The Company’s We effected a one- for- five reverse stock split on August 27, 2024 in order to attempt to raise the stock price has remained below \$ 1.00 since receipt of the notification, which must be cured by September 9-13, 2024, we received a per the March 12, 2024 extension letter received from Nasdaq -noting it met the closing bid price requirement;~~ • ~~Compliance compliance~~ with Nasdaq’s rule requiring stockholders’ equity of at least \$ 2,500,000 based on ~~our the Company’s~~ balance sheet as of December 31, ~~2023-2024~~. ~~We were not The Company believes it is~~ in compliance with this requirement based on its ~~September 30, 2024 balance sheet. We believe we are in compliance with this requirement based on our~~ December 31, ~~2023-2024~~ balance sheet ~~and~~, but does not expect ~~expects~~ to be in compliance ~~going forward;~~ as of March 31, 2024. • ~~Compliance compliance~~ with Nasdaq’s corporate governance requirements with respect to board and committee composition. ~~We have The Company has~~ received numerous deficiency notifications with respect to these requirements in the past year. Although ~~we are the Company is~~ currently in compliance, there can be no assurance ~~it we~~ will remain in compliance ~~;~~ • ~~Compliance compliance~~ with Nasdaq’s requirement to hold an annual meeting. On January 11, 2024, Nasdaq notified ~~us the Company~~ that ~~it we~~ did not comply with listing requirements by not holding an annual meeting in 2023. ~~The Company received We held our combined 2023 an and extension letter on March 12, 2024 from Nasdaq noting it must hold its annual meeting by on June 28, 2024 -;~~ • ~~On November 22 on April 17, 2023-2024, we the Company~~ received a delinquency notification as ~~it we~~ had not filed ~~our~~ its third quarter Form 10-Q at the deadline, which was cured by filing of such Form 10-Q on May 16, 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 for the year ended December 31, 2023 was which had yet to be filed at the time. on June 6, 2024;~~ • Although ~~although we the Company~~ filed its ~~our~~ Form 10-Q for the quarter ended September 30, 2023 prior to the extended deadline of May 20, 2024, on May 21, 2024, ~~we the Company~~ received a delisting determination from the Nasdaq staff as a result of not filing ~~its our~~ Annual Report Form 10-K by the May 20, 2024 deadline and failure to timely file ~~its our~~ Form 10-Q for the ~~period quarter~~ ended March 31, 2024 ~~(which~~

was subsequently filed on June 17, 2024). 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, we the Company requested an appeal of the delisting determination to Nasdaq's Hearings Panel A ("Panel"), and the hearing took place on July 9, 2024. In connection with its request for continued listing on The Nasdaq Capital Market by September 16, 2024, we received an appeal additional extension to November 14, 2024 to satisfy the terms of the Panel's decision and to ensure our continued listing on Nasdaq; as we did not meet Nasdaq's listing requirements as of September 30, 2024, we requested another extension by the Panel to demonstrate compliance and another extension was granted. We thereafter presented our plan to regain compliance with the Equity Requirement to the Panel, subsequent to which the Panel ultimately granted us extensions through December 17, 2024 to do so; and on December 20, 2024, we received a letter from Nasdaq confirming that, as of December 17, 2024, we meet all requirements for continued listing on Nasdaq as required by the Panel's decision of dated November 20, 2024. In accordance with the Panel's decision, on December 17, 2024, we made public disclosure under cover of a Form 8-K, describing the transactions undertaken by us to achieve compliance with Listing Rule 5550 (b) (1) and stated affirmatively that as of that date, we believe we have stockholders' equity above the \$ 2.5 million requirement and provided a pro-forma balance sheet as of December 17, 2024. Pursuant to Listing Rule 5815 (d) (4) (B), we will be subject to a Mandatory Panel Monitor for a period of one year from the date of Nasdaq's letter. If the extended stay is not granted, within that one-year monitoring period, the Nasdaq Listing Qualifications staff ("Staff") finds us again out of compliance with the \$ 2.5 million Equity Rule that was the subject of the exception, notwithstanding Rule 5810 (c) (2), we will not be successful in our appeal or permitted to provide the Staff with a plan of compliance with respect to that deficiency and the Staff will not be able permitted to grant additional time for us to regain compliance with respect to that deficiency, nor will we be afforded an applicable cure or compliance period pursuant to Rule 5810 (c) (3). Instead, the Staff will issue a Delist Determination Letter and we will have an opportunity to request a new hearing with the initial Panel or a newly convened Panel if the initial Panel is unavailable. We will have the opportunity to respond / present to the Panel as provided by Listing Rule 5815 (d) (4) (C). Our securities may be at that time delisted from Nasdaq. Even though we regained compliance with Nasdaq's listing requirements and our failure to do so may result in the delisting of our Common Stock by Nasdaq's. 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 we the Company will remain in compliance with Nasdaq's requirements and will not be delisted in the future. 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. 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. Since our inception in June 2011, we have 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 December 31, 2023-2024, we have generated an accumulated deficit of \$ 208.218.41 million, including \$ 18,837 of additional paid-in capital reclassified to accumulated deficit upon C-corporation conversion. For the years ended December 31, 2024 and 2023 and 2022, our net loss was \$ 9.7 million and \$ 16.9 million and \$ 2.6 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 therapeutic development programs. 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,” 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, delays in the development of our therapeutic candidates 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 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 Securities Exchange Act of 1934, as amended, the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act, and the rules and regulations of The Nasdaq Capital Market. 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, 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 II, Item 9 of this Form 10-K. 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 weaknesses in our system of internal financial and accounting controls and procedures that could result in a 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 maintain effective internal control over financial reporting. If we are unable to 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 The Nasdaq Capital Market, 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 first quarter and second quarter unaudited interim condensed consolidated via Forms 10-Q / A. 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 Intellectual Property We, or any current or future strategic partners or licensors, may become subject to third-party claims or litigation alleging infringement of patents or other proprietary rights or seeking to invalidate patents or other proprietary rights, and we may need to resort to litigation to protect or enforce our patents or other proprietary rights, all of which could be costly, time-consuming, delay or prevent the development and commercialization of our therapeutic candidates, or put our patents and other proprietary rights at risk. We or our licensors, or any current or future strategic partners, may be subject to third-party claims for infringement or misappropriation of patent or other proprietary rights. We are generally obligated under our license agreements to indemnify and hold harmless our licensors for damages arising from intellectual property infringement by us. If we or our licensors, or any current or future strategic partners, are found to infringe a third-party patent or other intellectual property rights, we could be required to pay damages, potentially including treble damages, if we are found to have willfully infringed. In addition, we or our licensors, or any current or future strategic partners, may choose to seek, or be required to seek, a license from a third-party, which may not be available on acceptable terms, if at all. Even if a license can be obtained on acceptable terms, the rights may be non-exclusive, which could give our competitors access to the same technology or intellectual property rights licensed to us. If we fail to obtain a required license, we or any current or future collaborator may be unable to effectively market therapeutic candidates based on our technology, which could limit our ability to generate revenue or achieve profitability and possibly prevent us from generating revenue sufficient to sustain our operations. In addition, we may find it necessary to pursue claims or initiate lawsuits to protect or enforce our patent or other intellectual property rights. The cost to us in defending or initiating any litigation or other proceeding relating to patent or other proprietary rights, even if resolved in our favor, could be substantial, and litigation would divert our management's attention. Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could delay our research and development efforts and limit our ability to continue our operations. If we were to initiate legal proceedings against a third-party to enforce a patent covering one of our therapeutics or our technology, the defendant could counterclaim that our patent is invalid or unenforceable. In patent litigation in the U. S., defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, for example, lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. The outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on one or more of our therapeutics or certain aspects of our technology. Such a loss of patent protection could have a material adverse impact on our business. Patents and other intellectual property rights also will not protect our technology if competitors design around our protected technology without legally infringing our patents or other intellectual property rights. It is also possible that we have failed to identify relevant third-party patents or applications. For example, U. S. applications filed before November 29, 2000 and certain U. S. applications filed after that date that will not be filed outside the U. S. remain confidential until patents issue. Patent applications in the U. S. and elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering our therapeutics or technology could have been filed by others without our knowledge. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our SNA technology, our therapeutics or the use of our therapeutics. Third-party intellectual property right holders may also actively bring infringement claims against us. We cannot guarantee that we will be able to successfully settle or otherwise resolve such infringement claims. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage in or continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in marketing our therapeutics. If we fail in any such dispute, in addition to being forced to pay damages, we may be temporarily or permanently prohibited from commercializing any of our therapeutic candidates that are held to be infringing. We might, if possible, also be forced to redesign therapeutic candidates so that we no longer infringe the third-party intellectual property rights. Any of these events, even if we were ultimately to prevail, could

require us to divert substantial financial and management resources that we would otherwise be able to devote to our business. We may be subject to claims challenging the inventorship or ownership of our patents and other intellectual property. We may also be subject to claims that former employees or other third parties have an ownership interest in our patents or other intellectual property. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and distraction to management and other employees.

Risks Related to Government Regulation We are subject to European data protection laws, including the European Union's General Data Protection Regulation 2016 / 679, or ("GDPR"). If we fail to comply with existing or future data protection regulations, our business, financial condition, results of operations and prospects may be materially adversely affected. By virtue of our prior clinical trial activities in the United Kingdom and Europe, we are subject to European data protection laws, including the GDPR. The GDPR which came into effect on May 25, 2018, establishes new requirements applicable to the processing of personal data (i. e., data which identifies an individual or from which an individual is identifiable), affords new data protection rights to individuals (e. g., the right to erasure of personal data) and imposes penalties for serious breaches of up to 4 % annual worldwide turnover or € 20 million, whichever is greater. Individuals (e. g., study subjects) also have a right to compensation for financial or non- financial losses (e. g., distress). There may be circumstances under which a failure to comply with the GDPR, or the exercise of individual rights under the GDPR, would limit our ability to utilize clinical trial data collected on certain subjects. The GDPR imposes additional responsibility and liability in relation to our processing of personal data. This may be onerous and we may be unsuccessful in implementing all measures required by data protection authorities or courts in interpretation of the GDPR, which may materially adversely affect our business, financial condition, results of operations and prospects.

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. **HiTron beneficially owns approximately 53 % of the outstanding shares of Common Stock.** CBI USA, Inc. ("CBI USA") and DGP Co., Ltd. ("DGP"), also Korean companies, collectively own approximately 45-9 % 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. **We obtained and still do not have** a majority independent board based on the phase- in requirements for companies after they lose "controlled company" status. **Members Due to the recent change in control, the majority** of our board **members** and management are directly affiliated with **HiTron, CBI and DGP.** Investors may be hesitant to invest in the Company given the influence of **HiTron,** 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 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.

• our ability to avoid suspension and / or delisting of our common stock by Nasdaq. 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 cannot be certain if the reduced reporting requirements applicable to us will make our common stock less attractive to investors. We were an “emerging growth company” as defined in the JOBS Act until December 31, 2023. As such, we 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 were only required to provide two years of audited financial statements. Even though we no longer qualify as an emerging growth company, we still qualify as a “smaller reporting company” and a “non-accelerated filer” which allows us to continue to take advantage of many of the same **or similar** 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, **as amended**, 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 Securities Exchange Act of 1934, as amended, 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 of 1933, as amended, or 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 be profitable in the near future, 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. As of December 31, 2023, we determined that we ceased operations of our historical business enterprise which subjects us to a zero limitation as defined under IRC Section 382 (c). Therefore, we are restricted in our ability to use any of the historical net operating losses that occurred before the most recent ownership change in the ~~4th~~ **fourth** quarter of 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.