VACCINEX, INC.

Balance Sheets

(in thousands, except share and per share data)

	As of December 31, 2025	As of December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 140	$ 1,107
Accounts receivable	1,155	838
Prepaid expenses and other current assets	465	586
Total current assets	1,760	2,531
Property and equipment, net	39	65
TOTAL ASSETS	$ 1,799	$ 2,596
LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)		
Current liabilities:		
Accounts payable	$ 3,468	$ 3,955
Accrued expenses	309	1,104
Deferred revenue	96	-
Current portion of long-term debt	-	25
Total current liabilities	3,873	5,084
Long-term debt	5,517	-
TOTAL LIABILITIES	9,390	5,084
Commitments and contingencies (Note 6)		
Stockholders' equity (deficit):		
Convertible preferred stock (Series A), par value of $0.001 per share; 10,000,000 shares authorized, 10 shares issued and outstanding as of December 31, 2025, and December 31, 2024; with aggregate liquidation preference of $1,750,000 as of December 31, 2025, and December 31, 2024	1,809	1,665
Common stock, par value of $0.0001 per share; 100,000,000 shares authorized as of December 31, 2025, and December 31, 2024; 2,676,642 shares issued as of December 31, 2025, and December 31, 2024; 2,676,637 shares outstanding as of December 31, 2025, and December 31, 2024	1	1
Additional paid-in capital	354,431	354,418
Treasury stock, at cost; 5 shares of common stock as of December 31, 2025, and December 31, 2024	(11)	(11)
Accumulated deficit	(363,821)	(358,561)
TOTAL STOCKHOLDERS' EQUITY/(DEFICIT)	(7,591)	(2,488)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)	$ 1,799	$ 2,596

VACCINEX, INC.

Statements of Operations and Comprehensive Loss

(in thousands, except share and per share data)

	Year Ended December 31,	
	2025	**2024**
Revenue	$ 2,095	$ 601
Costs and expenses:		
Research and development	4,251	12,545
General and administrative	3,076	6,791
Total costs and expenses	7,327	19,336
Loss from operations	(5,232)	(18,735)
Interest expense	(132)	(2)
Loss on settlement of warrants	-	1,106
Financing costs - warrant liabilities	-	(28)
Change in fair value of warrant liabilities	-	1,291
Change in fair value of derivative asset	-	(95)
Other income (expense), net	104	41
Loss before provision for income taxes	(5,260)	(18,634)
Provision for income taxes	-	-
Net loss attributable to Vaccinex, Inc. common stockholders	$ (5,260)	$ (18,634)
Comprehensive loss	$ (5,260)	$ (18,634)
Net loss per share attributable to Vaccinex, Inc. Common stockholders, basic and diluted	$ (1.97)	$ (8.88)
Weighted-average shares used in computing net loss per share attributable to Vaccinex, Inc. common stockholders, basic and diluted	2,676,637	2,098,947

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

VACCINEX, INC.

Statements of Stockholders' Equity/(Deficit)

(in thousands, except share data)

	Preferred Stock		Common Stock			Treasury Stock			
	Shares	Amount	Shares	Amount	Additional Paid in Capital	Common Stock Shares	Amount	Accumulated Deficit	Total Stockholder Deficit
Balance as of January 1, 2024	-	$ -	892,622	$ -	$ 337,627	5	$ (11)	$ (339,927)	$ (2,311)
Issuance of common stock, pre-funded warrants, and private placement warrants	-	-	768,592	1	9,113	-	-	-	9,114
Stock-based compensation	-	-	-	-	341	-	-	-	341
Issuance of preferred stock and warrants	10	1,236	-	-	556	-	-	-	1,792
Reclassification of public and private placement warrants, as amended	-	-	-	-	1,999	-	-	-	1,999
Amortization of preferred stock discount	-	429	-	-	(429)	-	-	-	-
Issuance of restricted stock	-	-	543	-	-	-	-	-	-
Exercise of warrants	-	-	1,014,885	-	5,211	-	-	-	5,211
Net loss	10	-	-	-	-	-	-	(18,634)	(18,634)
Balance as of December 31, 2024	10	$ 1,665	2,676,642	1	$ 354,418	5	$ (11)	$ (358,561)	$ (2,488)
Stock-based compensation	-	-	-	-	157	-	-	-	157
Amortization of preferred stock discount	-	144	-	-	(144)	-	-	-	-
Net loss	-	-	-	-	-	-	-	(5,260)	(5,260)
Balance as of December 31, 2025	10	$ 1,809	2,676,642	$ 1	$ 354,431	5	$ (11)	$ (363,821)	$ (7,591)

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

VACCINEX, INC.

Statements of Cash Flows

(in thousands)

	Year Ended December 31,	
	2025	**2024**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (5,260)	$ (18,634)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	35	94
Stock-based compensation	157	341
Change in fair value of warrant liability	-	(1,291)
Change in fair value of derivative asset	-	95
Loss on settlement of warrants	-	1,106
Changes in operating assets and liabilities:		
Accounts receivable	(317)	123
Prepaid expenses and other current assets	121	267
Accounts payable	(487)	1,914
Accrued expenses	(795)	(138)
Deferred revenue	96	(63)
Net cash used in operating activities	(6,450)	(16,186)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(9)	(22)
Net cash used in investing activities	(9)	(22)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock, pre-funded warrants, and private placement warrants	-	7,125
Proceeds from exercise of warrants	-	5,921
Proceeds from issuance of preferred stock and warrants	-	1,697
Proceeds from issuance of liability classified warrants in private placement offerings	-	1,113
Payments of long-term debt	(25)	(76)
Proceeds from long-term debt	5,517	-
Net cash provided by financing activities	5,492	15,780
NET DECREASE IN CASH AND CASH EQUIVALENTS	(967)	(428)
CASH AND CASH EQUIVALENTS–Beginning of period	1,107	1,535
CASH AND CASH EQUIVALENTS–End of period	$ 140	$ 1,107

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

VACCINEX, INC.

Notes to Financial Statements

1. COMPANY AND NATURE OF BUSINESS

Vaccinex, Inc. (the "Company") was incorporated in Delaware in April 2001 and is headquartered in Rochester, New York. The Company is a clinical-stage biotechnology company engaged in the discovery and development of targeted biotherapeutics to treat serious diseases and conditions with unmet medical needs, including cancer, neurodegenerative diseases, and autoimmune disorders. Since its inception, the Company has devoted substantially all of its efforts toward product research, manufacturing and clinical development, and raising capital.

The Company is subject to a number of risks and uncertainties common to other early-stage biotechnology companies including, but not limited to, dependency on the successful development and commercialization of its product candidates, rapid technological change and competition, dependence on key personnel and collaborative partners, uncertainty of protection of proprietary technology and patents, clinical trial uncertainty, fluctuation in operating results and financial performance, the need to obtain additional funding, compliance with governmental regulations, technological and medical risks, management of growth and effectiveness of marketing by the Company. If the Company does not successfully commercialize or partner any of its product candidates, it will be unable to generate product revenue or achieve profitability.

Going Concern

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company has incurred significant losses and negative cash flows from operations since inception and expects to incur additional losses until such time that it can generate significant revenue from the commercialization of its product candidates. The Company had net losses from operations of $5.3 million and $18.6 million and negative cash flows from operating activities of $6.5 million and $16.2 million for the years ended December 31, 2025, and 2024, respectively, and an accumulated deficit of $363.8 million and $358.6 million as of December 31, 2025, and 2024, respectively. Given the Company's projected operating requirements and its existing cash and cash equivalents, the Company is projecting insufficient liquidity to sustain its operations and meet its obligations through one year following the date that the financial statements are issued. In addition, the Company has been delisted from the NASDAQ Capital Market due to its inability to comply with continued listing standards, is currently listed on the OTCPK, and filed Form 15 to deregister its securities under Section 12(g) of the Securities Act on March 27, 2025. The Company's ability to obtain financing, trade or sell shares of its common stock, and/or forecasted operations could be negatively impacted in an amount that the Company cannot currently quantify. These conditions and events raise substantial doubt about the Company's ability to continue as a going concern.

In response to these conditions, management is currently evaluating different strategies to obtain the required funding of future operations. Financing strategies may include, but are not limited to, the public or private sale of equity, debt financing, or funds from other capital sources, such as government funding, collaborations, strategic alliances, divestment of non-core assets, or licensing arrangements with third parties. There can be no assurances that the Company will be able to secure additional financing, or if available, that it will be sufficient to meet its needs or on favorable terms. Because management plans have not yet been finalized and are not within the Company's control, the implementation of such plans cannot be considered probable. As a result, the Company has concluded that management's plans do not alleviate substantial doubt about the Company's ability to continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the application of certain significant accounting policies, as described below and elsewhere in the accompanying notes to the financial statements.

Basis of Presentation

These financial statements reflect the accounts and operations of the Company. Beginning in 2024, proceeds from the issuance of common stock and proceeds from the private offering of common stock, which were previously separately presented in cash flows from financing activities in the statement of cash flows, are now aggregated in the line titled proceeds from private offering of common stock.

Common Stock Reverse Split

On February 19, 2024, the Company effected a reverse split of shares of the Company's common stock on a 1-for-14 basis. All per share amounts, common shares outstanding, warrants, and stock-based compensation amounts for all periods presented have been retroactively adjusted to reflect these reverse stock splits. The shares of common stock retain a par value of $0.0001 per share.

Use of Estimates

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of expenses during the reporting period. Such management estimates include those relating to assumptions used in the valuation of stock option awards, the valuation of the warrant liabilities, and valuation allowances against deferred income tax assets. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. The Company deposits its cash primarily in checking and money market accounts.

Concentration of Credit Risk, Other Risks and Uncertainties

The Company is subject to a number of risks, including, but not limited to, the lack of available capital; possible failure of preclinical testing or clinical trials; inability to obtain regulatory approval of product candidates; competitors developing new technological innovations; potential interruptions in the manufacturing and commercial supply operations; unsuccessful commercialization strategy and launch plans for its proprietary drug candidates; risks inherent in litigation, including purported class actions; market acceptance of the Company's products; and protection of proprietary technology.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. Cash equivalents are deposited in interest-bearing money market accounts. Although the Company deposits its cash with multiple financial institutions, cash balances may occasionally be in excess of the amounts insured by the Federal Deposit Insurance Corporation. Management believes the financial risk associated with these balances is minimal and has not experienced any losses to date.

The Company has historically raised capital in transactions with investors that include members of its board of directors and entities controlled by certain board members. As such, the Company's directors, directly and indirectly, control a significant ownership percentage of the Company. The Company can provide no assurances that future financing will be available in sufficient amounts or on terms acceptable to it or that its directors or entities controlled by certain board members will be willing or able to participate in future capital raises by the Company.

The Company depends on third-party manufacturers for the manufacture of drug substances and drug product for clinical trials. The Company also relies on certain third parties for its supply chain. Disputes with these third-party manufacturers or shortages in goods or services from third-party suppliers could delay the manufacturing of the Company's product candidates and adversely impact its results of operations.

Fair Value of Financial Instruments

Financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities, long-term debt, and convertible preferred stock. Cash, accounts receivable, accounts payable, accrued liabilities, debt, and convertible preferred stock are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment date of such amounts. Warrant liabilities and the derivative asset are measured at fair value on a recurring basis with the assumptions discussed in Note 4.

Financing Activities

During the year ended December 31, 2024, the Company received aggregate net proceeds of approximately $15.8 million from (i) private placements of 510,774 shares of common stock, 675,009 pre-funded warrants and 717,228 warrants to purchase shares of common stock (ii) a public offering of 193,000 shares of common stock (iii) sale of 10 shares of our Series A Preferred Stock, and warrants to purchase up to 229,057 shares of our common stock, and (iv) exercise of warrants.

Allowance for Credit Losses

The estimated allowance for credit losses is based on historical, current, and expected future conditions. The historical component is derived from a review of the Company's historical losses relative to gross receivables. The current and expected future economic conditions are not expected to change significantly as compared with the economic conditions included in the historical information. Given historically low write-offs, the Company has not recorded an allowance for credit losses as of December 31, 2025, and 2024.

Property and Equipment, Net

Property and equipment are recorded at cost. Depreciation is computed over estimated useful lives of the related assets using the straight-line method. Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life or term of the lease. Upon retirement or disposal, the cost and related accumulated depreciation are removed from the balance sheets, and the resulting gain or loss is recorded to general and administrative expense in the statements of operations. Routine expenditures for maintenance and repairs are expensed as incurred.

Estimated useful lives for property and equipment are as follows:

Property and Equipment	Estimated Useful Life
Research equipment	5 years
Furniture and fixtures	5 years
Computer equipment	3 years
Leasehold improvements	Lesser of estimated useful life or remaining lease term

Impairment of Long-Lived Assets

The Company reviews the recoverability of its long-lived assets when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the assets from the expected future cash flows (undiscounted and without interest expense) of the related operations. If these cash flows are less than the carrying value of such assets, an impairment loss for the difference between the estimated fair value and carrying value is recorded. There was no impairment loss recognized during the years ended December 31, 2025, and 2024.

Warrants

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance included in Accounting Standards Codification ("ASC") 480, Distinguishing Liabilities from Equity ("ASC 480") and ASC 815, Derivatives and Hedging ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, whether the warrants meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all the requirements for equity classification under ASC 815. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent reporting period end date while the warrants are outstanding.

Warrants that meet all the criteria for equity classification are required to be recorded as a component of additional paid-in capital at the time of issuance, or when the conditions for equity classification are met, and are not remeasured. Warrants that do not meet the required criteria for equity classification are classified as liabilities. The Company adjusts such warrants to fair value at each reporting period until the warrants are exercised or expire. Any change in fair value is recognized in the Company's statements of operations and comprehensive loss.

Convertible Preferred Stock

In March 2024, the Company issued shares of a newly designated series of convertible preferred stock (see Note 9). The convertible preferred stock contained embedded redemption features requiring bifurcation and separate accounting apart from the convertible preferred stock host instrument. The Company recorded the fair value of the embedded redemption features as a derivative asset on the Company's balance sheets in accordance with ASC Topic 815, *Derivatives and Hedging*.

Treasury Stock

The Company records treasury stock activities under the cost method whereby the cost of the acquired stock is recorded as treasury stock. The Company's accounting policy upon the formal retirement of treasury stock is to deduct the par value from common stock and to reflect any excess of cost over par value as a reduction to additional paid-in capital (to the extent created by previous issuances of the shares) and then retained earnings. There was no treasury stock repurchased for the years ended December 31, 2025, and 2024.

Revenue Recognition

The Company's revenues are generated primarily through collaborative research, license, development, and commercialization agreements.

We recognize revenue when our customers obtain control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the entity performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Arrangements that include rights to additional goods or services that are exercisable at a customer's discretion are generally considered options. We assess whether these options provide a material right to the customer and if so, they are considered performance obligations. The exercise of a material right is accounted for as a contract modification for accounting purposes.

The Company recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) each performance obligation is satisfied at a point in time or over time, and if over time this is based on the use of an output or input method.

Amounts received prior to revenue recognition are recorded as deferred revenue. Amounts expected to be recognized as revenue within the 12 months following the balance sheet date are classified as current portion of deferred revenue in the accompanying balance sheets. Amounts not expected to be recognized as revenue within the 12 months following the balance sheet date are classified as deferred revenue, net of current portion. Amounts recognized as revenue, but not yet received or invoiced, are generally recognized as contract assets in the Other Assets line item in the Balance Sheets.

Collaborative Arrangements – The Company has entered into collaboration agreements, which are within the scope of ASC 606, to discover, develop, manufacture, and commercialize product candidates. The terms of these agreements typically contain multiple promises or obligations, which may include: (1) licenses, or options to obtain licenses, to use the Company's research program materials, and (2) research and development activities to be performed on behalf of the collaboration partner. Payments the Company receives under these arrangements typically include one or more of the following: non-refundable, upfront license fees; option exercise fees; funding of research and/or development efforts; clinical and development, regulatory, and milestone payments; and royalties on future product sales.

The Company also analyzes its collaboration arrangements to assess whether they are within the scope of ASC 808, *Collaborative Arrangements* ("ASC 808") to determine whether such arrangements involve joint operating activities performed by parties that are both active participants in the activities and exposed to significant risks and rewards dependent on the commercial success of such activities. This assessment is performed throughout the life of the arrangement based on changes in the responsibilities of all parties in the arrangement. For collaboration arrangements within the scope of ASC 808 that contain multiple elements, the Company first determines which elements of the collaboration are deemed to be within the scope of ASC 808 and those that are more reflective of a vendor-customer relationship and, therefore, are within the scope of ASC 606. For elements of collaboration arrangements that are accounted for pursuant to ASC 808, an appropriate recognition method is determined and applied consistently, generally by analogy to ASC 606. For those elements of the arrangement that are accounted for pursuant to ASC 606, the Company applies the five-step model described above.

For a complete discussion of accounting for collaboration revenues, see Note 5, "Collaboration Agreements".

Research and Development Costs

Expenditures, including payroll, contractor expenses, and supplies, for research and development of products are expensed as incurred. Clinical trial and other development costs incurred by third parties are expensed as the contracted work is performed. Where contingent milestone payments are due to third parties under research and development arrangements, the milestone payment obligations are expensed when the milestone results are probable of being achieved.

Stock-Based Compensation

The Company utilizes the Black-Scholes stock option-pricing model as the method for estimating the grant date fair value of its stock option awards. The Black-Scholes stock option-pricing model requires the use of highly subjective and complex assumptions, including the stock options' expected term and the price volatility of the underlying stock. The grant date fair value of the portion of the stock option award that is ultimately expected to vest is recognized as compensation expense over the stock option awards' requisite service periods. The Company recognizes stock-based compensation to expense using the straight-line method over the requisite service period. If there are any modifications or cancelations of stock option awards, the Company may be required to accelerate, increase, or decrease any remaining unrecognized stock-based compensation expense.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities, which relate primarily to the carrying amount of the Company's property and equipment and its net operating loss carryforward, are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax expense or benefit is the result of changes in the deferred tax assets and liabilities. Valuation allowances are established when necessary to reduce deferred tax assets where, based upon the available evidence, management concludes that it is more likely than not that the deferred tax assets will not be realized. In evaluating its ability to recover deferred tax assets, the Company considers all available positive and negative evidence, including its operating results, ongoing tax planning, and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. Because of the uncertainty of the realization of the deferred tax assets, the Company has recorded a full valuation allowance against its deferred tax assets.

Reserves are provided for tax benefits for which realization is uncertain. Such benefits are only recognized when the underlying tax position is considered more likely than not to be sustained on examination by a taxing authority, assuming they possess full knowledge of the position and facts. Interest and penalties related to uncertain tax positions are recognized in the provision for income taxes; however, the Company currently has no interest or penalties related to income taxes or reserves for uncertain tax positions.

Segment and Geographic Information

The Company has one reportable and operating segment. Financial information about the Company's operating segment and geographic areas is presented in Note 16 of the financial statements.

Net Loss Per Share Attributable to Vaccinex, Inc. Common Stockholders

The Company calculates its basic and diluted net loss per share attributable to Vaccinex, Inc.'s common stockholders, by dividing the net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period, including issued but unexercised pre-funded warrants outstanding. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted average number of common shares, including issued but unexercised pre-funded warrants outstanding, plus common equivalent shares for the period, including any dilutive effect from such shares. Since the Company was in a net loss position for all periods presented, net loss per share attributable to common stockholders was the same on a basic and diluted basis, as the inclusion of all potential common equivalent shares outstanding would have been anti-dilutive.

For purposes of this calculation, stock options to purchase common stock, public warrants, and private placement warrants are considered common stock equivalents but have been excluded from the calculation of diluted net loss per share attributable to Vaccinex, Inc. common stockholders as their effect is anti-dilutive.

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 requires disclosure of additional categories of information about federal, state, and foreign income taxes in the rate reconciliation table and more details about the reconciling items in some categories if items meet a quantitative threshold. The ASU requires entities to disclose income taxes paid, net of refunds, disaggregated by federal (national), state and foreign taxes for annual periods and to disaggregate the information by jurisdiction based on a quantitative threshold. The guidance makes several other changes to the disclosure requirements. The ASU is required to be applied prospectively, with the option to apply it retrospectively. The ASU is effective for fiscal years beginning after December 15, 2024. We adopted ASU 2023-09 in the year ended December 31, 2025, on a prospective basis. However, it did not affect the Company's financial condition, results of operations, cash flows, or income tax disclosures.

Subsequent Events

Management has reviewed events occurring subsequent to December 31, 2025, through April 24, 2026, the date the financial statements were available to be issued.

3. BALANCE SHEET COMPONENTS

	As of December 31, 2025	As of December 31, 2024
Leasehold improvements	$ 3,286	$ 3,277
Research equipment	3,373	3,373
Furniture and fixtures	350	350
Computer equipment	250	250
Property and equipment, gross	7,259	7,250
Less: accumulated depreciation and amortization	(7,220)	(7,185)
Property and equipment, net	$ 39	$ 65

Depreciation expense related to property and equipment was $35,000 and $94,000 for the years ended December 31, 2025, and 2024, respectively.

Accrued Expenses

Accrued expenses consist of the following (in thousands):

	As of December 31, 2025	As of December 31, 2024
Accrued clinical trial cost	$ -	$ 693
Accrued payroll and related benefits	251	223
Accrued consulting and legal	58	111
Accrued other	-	77
Accrued expenses	$ 309	$ 1,104

4. FAIR VALUE OF FINANCIAL MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Assets and liabilities recorded at fair value on a nonrecurring basis in the balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities, and long-term debt. Cash, accounts receivable, accounts payable, accrued liabilities, and debt, are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment date of such amounts.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Fair value measurement standards also apply to certain financial assets and liabilities that are measured at fair value on a recurring basis (each reporting period). For the Company, these financial assets and liabilities include its cash equivalents deposited in money market funds, warrant liabilities, and derivative assets. The Company does not have any non-financial assets or liabilities that are measured at fair value on a recurring basis.

The assets' or liabilities' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

There were no financial assets or liabilities measured on a recurring basis on December 31, 2025.

The following table sets forth the fair value of the Company's financial assets by level within the fair value hierarchy (in thousands):

	As of December 31, 2024			
	Fair Value	Level 1	Level 2	Level 3
Financial Assets:				
Money market fund	$ 802	$ 802	$ -	$ -
Total Financial Assets	$ 802	$ 802	$ -	$ -

The Company did not transfer any assets measured at fair value on a recurring basis to or from Level 1, Level 2, and Level 3 during the years ended December 31, 2025, and 2024.

Fair Value Measurement of Warrant Liabilities

The Company uses the Black-Scholes pricing model to determine the fair value of its warrant liabilities using Level 3 inputs. Inputs used to determine estimated fair value of the warrant liabilities include the fair value of the underlying stock at the valuation date, the term of the warrants, and the expected volatility of the underlying stock. The significant unobservable input used in the fair value measurement of the warrant liabilities is the estimated term of the warrants.

The following table summarizes the changes in fair value of the Company's warrant liabilities that is recognized in the change in fair value of the warrant liabilities in the accompanying statements of operations and comprehensive loss during the year ended December 31, 2024 (in thousands):

	Public Warrants	Private Placement Warrants	Total
Warrant liabilities as of January 1, 2024	$ 2,275	$ 76	$ 2,351
Issuance of warrants	-	1,113	1,113
Reclassified as equity	(1,199)	(800)	(1,999)
Cancellation of warrants	(77)	-	(77)
Exercise of warrants	(90)	(7)	(97)
Change in fair value	(909)	(382)	(1,291)
Warrant liabilities as of December 31, 2024	$ -	$ -	$ -

The key inputs into the respective valuation models used to estimate the fair value of the warrant liabilities were as follows during the year ended December 31, 2024:

	Public Warrants		Private Placement Warrants	
	Low	High	Low	High
Risk-free interest rate	3.81%	5.40%	4.08%	5.40%
Volatility	83%	130%	83%	130%
Dividend yield	0%	0%	0%	0%
Expected term (years)	0.003	4.760	0.003	5.010
Share price	$ 6.00	$ 9.31	$ 6.00	$ 9.31

5. COLLABORATION AGREEMENTS

Surface Oncology, Inc.

In November 2017, the Company entered into a research collaboration and license option agreement with Surface Oncology, Inc. ("Surface") to identify and select antibodies against two target antigens, using the Company's proprietary technology as described in the agreement. Under the agreement, Surface may purchase exclusive options, exercisable by providing a written notice to the Company, to obtain (i) an exclusive product license to make, use, sell and import products incorporating antibodies targeting the first antigen and (ii) an exclusive research tool license to use antibodies targeting the second antigen to perform research. Surface purchased the first option and exercised the second option and entered into an exclusive research tool license agreement with Surface in the third quarter of 2019.

Under the research collaboration and license option agreement, Surface paid an upfront technology access fee of $250,000 and makes milestone payments upon completion of each of four designated milestones for the first target antigen specified in the agreement. For the second target antigen, Surface was obligated to make payments to the Company based on time incurred by the Company in the conduct of the work plan described in the agreement. Surface was required to reimburse the Company for expenses incurred (i) in the conduct of the work plan as detailed in the research funding budget and (ii) for patent filings and prosecution of the Company's program intellectual property as described in the agreement. The exercise of each option would also entail a license fee and annual maintenance fees, and in the case of the product license, royalties, and additional milestone payments. This agreement will expire upon the latest expiration of both research programs and all evaluation and testing periods. During the year 2024 we did not record any revenue related to the agreement with Surface Oncology. In 2023, Surface terminated the exclusive research license agreement and therefore will not be required to pay the maintenance fee any longer. Surface Oncology has sublicensed this program for the second target to Coherus which is actively continuing phase 1/2 development. Coherus is now responsible for the maintenance fee. During the year ended December 31, 2025, the Company recorded $1.0 million of revenue for a milestone fee for the second target from Coherus.

6. COMMITMENTS AND CONTINGENCIES

Cancellation of Warrants

A holder of certain of the warrants that we called for cancellation has notified the Company that it believes that the warrants it held are still outstanding. The number of shares represented by these canceled warrants represents approximately 6% of our outstanding shares as of December 31, 2025, on a pre-issuance basis. Should this matter continue, and a resolution be required and reached, there could be adverse impacts to the Company, including the payment of damages or the issuance of additional shares of common stock. While the Company believes that it has meritorious defenses with respect to this matter, and intends to vigorously defend its position, the process of resolving these matters is inherently uncertain and may develop over a long period of time, and so it is not possible to predict the ultimate resolution of such matter.

Other Contingencies

The Company is subject to claims and assessments from time to time in the ordinary course of business. The Company records a provision for a liability when it believes that it is both probable that a liability has been incurred, and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount.

In the normal course of business, the Company may become involved in legal proceedings. The Company will accrue a liability for such matters when it is probable that a liability has been incurred, and the amount can be reasonably estimated. When only a range of possible loss can be established, the most probable amount in the range is accrued. If no amount within this range is a better estimate than any other amount within the range, the minimum amount in the range is accrued. The accrual for a litigation loss contingency might include, for example, estimates of potential damages, outside legal fees and other directly related costs expected to be incurred. As of December 31, 2025, and December 31, 2024, the Company was not involved in any material legal proceedings.

7. LEASES

The Company leases its facilities from 1895 Management, Ltd., a New York corporation controlled by an entity affiliated with a director of the Company, under non-cancellable operating leases. Following entry into a lease extension agreement in September 2025, the lease agreement requires monthly rental payments of $15,048 through October 31, 2026. As of December 31, 2025, the future minimum payments for the operating lease total $150,480. The Company is responsible for all maintenance, utilities, insurance, and taxes related to the facility. The Company has elected the practical expedient on not separating lease components from non-lease components. The Company accounts for its leases under ASC 842, *Leases*. Leases with an initial term of 12 months or less are not recorded on its balance sheet.

Rent expense incurred under the operating lease for each of the years ended December 31, 2025, and 2024 was $181,000 each year and is a component of general and administrative expense.

8. LONG-TERM DEBT

On April 28, 2025, the Company entered into a Note Purchase Agreement (the "Note Purchase Agreement") with FCMI Parent Co. ("FCMI"), as an investor and as collateral agent, and with additional investors as permitted under the agreement. Under the Note Purchase Agreement, the Company is authorized to issue secured promissory notes (the "Notes") in an aggregate principal amount of up to $10.0 million.

The Notes bear interest at 5% and mature on April 30, 2027, subject to extension under certain circumstances. The Notes are secured by substantially all of the Company's assets, including intellectual property, subject to customary exclusions. The Company may prepay the Notes subject to the terms of the agreement.

As of December 31, 2025, the outstanding principal balance under the Notes of $4.9 million, and accrued interest of $0.1 million are classified as long-term debt in the accompanying balance sheet, as the contractual maturity date is beyond twelve months from December 31, 2025.

The Note Purchase Agreement contains customary affirmative and negative covenants, including restrictions on additional indebtedness, liens, asset transfers, dividends, and certain other transactions, subject to specified exceptions. As of December 31, 2025, the Company was in compliance with all material covenants under the Note Purchase Agreement.

In addition to repayment of principal and interest, the Notes provide for royalty participation payments tied to future net sales of pepinemab, as defined in the Note Purchase Agreement. Any such royalty participation payments are contingent upon future sales and are not included in long-term debt as of December 31, 2025.

During 2025, Vaccinex (Rochester), LLC loaned $450,000 to fund the Company's operations. As of December 31, 2025, the outstanding principal balance of $450,000 and an accrued interest of $17,971 is classified as long-term debt in the accompanying balance sheet, as there is no stated maturity date, and the loan is not considered due on demand. The loan is accruing interest at a rate of 5%.

FCMI and Vaccinex Rochester are related parties of the Company. Transactions with related parties were negotiated at arm's length, and the Company believes the terms of the Notes are comparable to those that could have been obtained from unaffiliated third parties under similar circumstances.

9. CONVERTIBLE PREFERRED STOCK

On March 28, 2024, the Company entered into a securities purchase agreement with the Alzheimer's Drug Discovery Foundation pursuant to which the Company sold shares of a newly designated series of convertible preferred stock, the Series A Preferred Stock, and warrants to purchase up to 229,057 shares of the Company's common stock ("ADDF Warrants") for an aggregate purchase price of $1.75 million. See Note 10, ADDF Warrants. Our Series A Preferred Stock is convertible at the election of the holder at any time after the public announcement by the Company of top-line data from its SIGNAL-AD Alzheimer's disease study (the "Data Release") into shares of common stock at a conversion price equal to the greater of (a) $7.77 per share of common stock and (b)(i) the volume weighted average price of the common stock for the last three trading days prior to delivery of the conversion notice if the common stock is traded on a trading market or if its prices are reported on OTCQB or OTCQX, (ii) the most recent bid price of the common stock if it is then traded on The Pink Open Market, or (iii) in all other cases the fair market value of the common stock as determined by an independent appraiser, which conversion right is subject to termination on the last full day preceding the proposed effective date for exercise of the Company's redemption right or the date fixed for redemption upon a Deemed Liquidation Event (generally defined to include certain fundamental transactions involving the company including a merger or sale of substantially all the Company's assets) or on a liquidation, dissolution or winding up of the Company.

The Series A Preferred Stock is non-voting, has no mandatory redemption, and carries an annual 5% cumulative dividend, increasing by 2 percentage points each year, which dividend rate shall not exceed 12%. The Series A Preferred Stock will also participate on an as-converted basis in any regular or special dividends paid to holders of our common stock. On December 31, 2025, the aggregate and per-share amounts of arrearages in cumulative preferred dividends are $179,375 and $17,938, respectively. On December 31, 2024, the aggregate and per-share amounts of arrearages in cumulative preferred dividends are $65,625 and $6,563, respectively.

In addition, the Series A Preferred Stock has a liquidation preference equal to the greater of (i) $175,000 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock (the "Original Share Price"), plus any accrued but unpaid dividends thereon, whether or not declared, together with any other dividends declared but unpaid thereon, or such amount per share as would have been payable had all shares of Series A Preferred Stock been converted into common stock immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event.

The Company also agreed that so long as the Series A Preferred Stock is outstanding, the Company will not, without the written consent of the holders of 50.1% of the Series A Preferred Stock, (i) amend, alter, or repeal any provision of the Company's certificate of incorporation or bylaws in a manner adverse to the Series A Preferred Stock or (ii) until March 29, 2026, incur any indebtedness for borrowed money in excess of $1.0 million.

The Company has the right to redeem the Series A Preferred Stock at a price equal to the Original Share Price per share at any time after a public announcement of an increase in pepinemab-treated patients relative to placebo-treated patients, with statistical significance having a p-value of less than or equal to 0.05, in the change of the FDG-PET standard uptake value ratio for brain metabolism between baseline and month 12 as assessed by [18F]fluorodeoxyglucose (FDG)-PET in the resting state following administration of 40 mg/kg pepinemab or placebo, as applicable, as described in the protocol for the Company's SIGNAL-AD Alzheimer's disease study and the associated Statistical Analysis Plan, provided that (i) the holder is not in possession of any material nonpublic information that was provided by the Company or any of its directors, employees, agents, or affiliates and (ii) there is an effective resale registration statement on file covering the underlying common stock.

The Series A Preferred Stock have similar characteristics of an "Increasing Rate Security" as described by SEC Staff Accounting Bulletin Topic 5Q, Increasing Rate Preferred Stock. As a result, the discount on Series A Preferred Stock is considered an unstated dividend cost that is amortized over the period preceding commencement of the perpetual dividend using the effective interest method, by charging imputed dividend cost against retained earnings, or additional paid in capital in the absence of retained earnings and increasing the carrying amount of the Series A Preferred Stock by a corresponding amount, to accrete the initial recognized value to its expected settlement value on the expected redemption date. The amortization in each period is the amount which, together with the stated dividend in the period, results in a constant rate of effective cost with regard to the carrying amount of the Series A Preferred Stock.

Each share of Series A Preferred Stock contains redemption features which allow for the redemption of the Series A Preferred Stock in the event of a voluntary or involuntary liquidation, dissolution, winding up of the Company, or Deemed Liquidation Event, as defined in the certificate of designations ("liquidation events"). Upon the occurrence of such qualifying liquidation event, the Series A Preferred Stockholder shall be entitled to receive cash or assets of the Company before any distribution or payment may be made to or set apart for the holders of common stock in an amount per share of Series A Preferred Stock equal to, or greater of, (i) $175,000 plus all accrued and unpaid dividends thereon, whether or not declared (the "Liquidation Preference"); or (2) the amount per share the holder would receive if such holder converted the shares of Series A Preferred Stock immediately prior to the date of such payment, with certain additional conditions.

The embedded redemption features require the Company to settle the Series A Preferred Stock at the Liquidation Preference amount upon the occurrence of certain qualifying liquidation events. The holder's exercise of the embedded conversion feature when the volume weighted average price of the Common Stock for the last three trading days is greater than $7.77, as defined in the certificate of designations, settles the Series A Preferred Stock through the issuance of a variable number of Common Stock in a fixed monetary amount of $175,000 per share. As these embedded features provide for settlement in nominal amounts not associated with its underlyings, the embedded features each meet the definition of a derivative.

Under ASC 815, certain contractual terms that meet the accounting definition of a derivative must be accounted for separately from the financial instrument in which they are embedded (Note 2). The Company has concluded that the redemption features and the holder's option to convert when the volume weighted average price of the Common Stock for the last three trading days is greater than $7.77, as defined in the certificate of designations, constitute embedded derivative and, therefore, require bifurcation from the Series A Preferred Stock.

In the event of any liquidation or deemed liquidation event, as defined in the certificate of designations, before any distribution or payment may be made to or set apart for the holders of common stock, the Series A Preferred Stockholder is entitled to receive assets from the Company equal to $175,000 plus all accrued and unpaid dividends thereon, whether or not declared, per share for a total liquidation value of $1.75 million as of December 31, 2025. These redemption provisions were determined to represent embedded derivatives requiring bifurcation from the Series A Preferred Stock.

Upon initial issuance, the Company recorded the fair value of the embedded derivatives in the amount of $95 thousand as a derivative asset and premium on the Series A Preferred Stock. The derivative is adjusted to fair value at each reporting period with the change in the fair value recorded in earnings.

Accordingly, based upon the relative fair values of the instruments on the date of issuance, the Company allocated approximately $0.57 million of the gross proceeds to the ADDF Warrants and $1.18 million of the gross proceeds to the Series A Preferred Stock which is net of $95 thousand, attributed to the derivative asset.

10. WARRANTS

Public Warrants

On October 3, 2023, the Company sold in a public offering (i) 542,857 shares of the Company's common stock together with public warrants to purchase up to 542,857 shares of common stock and (ii) in lieu of shares of common stock, pre-funded warrants exercisable for 142,857 shares of common stock together with public warrants to purchase up to 142,857 shares of common stock (the "Offering"). Each public warrant had an initial exercise price equal to $14.00 per share. The public warrants were immediately exercisable and had an expiration date five years from the date of issuance. The shares of common stock and accompanying public warrants were sold at a combined public offering price of $14.00 per share and the accompanying public warrant, and the pre-funded warrants and accompanying public warrants were sold at a combined public offering price of $13.986 per pre-funded warrant and accompanying public warrant, for aggregate gross proceeds of $9.6 million, before deductions for placement agent and offering fees payable by the Company. The public warrants were generally subject to limitations on exercise if the aggregate number of common stock beneficially owned by the holder thereof immediately following such exercise would exceed a specified beneficial ownership limitation; provided, however, that a holder could increase or decrease the beneficial ownership limitation by giving 61 days' notice to the Company, but not to any percentage in excess of 9.99%. On July 18, 2024, the 142,857 pre-funded warrants were exercised and converted to common shares.

The Company had the right to "call" any portion of a holder's public warrants by delivering a call notice to the holder within 30 days after the Company publicly announced an increase in pepinemab-treated patients relative to placebo-treated patients, with statistical significance having a p-value of less than or equal to 0.05, in the change of the FDG-PET standard uptake value ratio for brain metabolism between baseline and month 12 as assessed by [18F]fluorodeoxyglucose (FDG)-PET in the resting state following administration of 40 mg/kg pepinemab or placebo, as applicable, as described in the protocol for the Company's SIGNAL-AD Alzheimer's disease study and the associated Statistical Analysis Plan (the "Positive Data Release"). After delivery of a call notice, the public warrants would continue to be exercisable. Each public warrant would be canceled and no longer exercisable to the extent the holder failed to timely exercise the public warrant for the called portion thereof within 20 trading days following the Company's issuance of a call notice.

In the event of a fundamental transaction, the public warrants required the Company to make a payment based on a Black-Scholes pricing model valuation, using specific inputs that precluded the instruments from being considered indexed to the Company's own stock in accordance with ASC 815. The public warrants also contained certain terms that provided for an adjustment in response to the occurrence or nonoccurrence of a specified event that is inconsistent with an implicit assumption in a standard valuation model, which also precluded the instruments from being considered indexed to the Company's stock in accordance with ASC 815. Therefore, upon issuance, the Company accounted for the public warrants as liabilities, which were recorded at the issuance date fair value of approximately $3.5 million.

In March 2024, the Company entered into warrant amendment agreements with holders of approximately 83% of the public warrants issued in the Offering to amend aforementioned terms in the public warrants. The public warrants, as amended, were no longer precluded from being considered indexed to the Company's stock in accordance with ASC 815. As a result, $1.2 million of the public warrant liabilities were reclassified as equity in the Company's statements of stockholders' equity (deficit) for the year ended December 31, 2024. In addition, the public warrants, as amended, were marked to fair value on the amendment date resulting in a gain on change in fair value of warrant liabilities of $0.7 million in the Company's statements of operations and comprehensive loss for the year ended December 31, 2024.

Private Placement Warrants

In November 2023, pursuant to securities purchase agreements entered into with certain investors, the Company issued and sold private placement warrants to purchase 37,694 shares of common stock. Each private placement warrant had an exercise price which was subject to proportional adjustments in the event of stock splits, combinations (including reverse stock splits), or similar events. The private placement warrants are immediately exercisable and expire five years from the date of issuance, and the Company had the right to "call" any portion of the private placement warrants under the same conditions and terms as the public warrants. The private placement warrants were subject to the same beneficial ownership limitations as the public warrants and the pre-funded warrants. Upon issuance, the private placement warrants were precluded from being considered indexed to the Company's own stock in accordance with ASC 815. Therefore, at issuance, the private placement warrants were liability-classified and recorded at their respective issuance date fair values.

On February 6, 2024, the Company entered into a securities purchase agreement pursuant to which we issued and sold 274,182 shares of our common stock together with private placement warrants to purchase up to 274,182 shares of common stock and (ii) pre-funded warrants to purchase up to 90,363 shares of common stock together with private placement warrants to purchase up to 90,363 shares of our common stock (the "February 2024 SPA"). Each private placement warrant was immediately exercisable and had an initial exercise price of $14.00 per share. The shares of common stock and accompanying private placement warrants were sold at a combined price of $10.15 per share and the accompanying private placement warrant, and the pre-funded warrants and accompanying private placement warrants were sold at a combined price of $10.1486 per pre-funded warrant and accompanying private placement warrant, for aggregate gross proceeds of approximately $3.7 million.

The Company had the right to "call" the exercise of any portion of a holder's private placement warrants by delivering a call notice to the holder within 30 days, in the case of the November private placement warrants, or 120 days in the case of the February private placement warrants, after the Positive Data Release. After delivery of a call notice, the private placement warrants will continue to be exercisable. Each private placement warrant would be canceled and no longer exercisable to the extent the holder failed to timely exercise the private placement warrant for the called portion thereof within 20 trading days, in the case of the November private placement warrants, or 30 trading days in the case of the February private placement warrants, following the Company's issuance of a call notice, provided that to the extent the exercise of a called portion of a private placement warrant would cause the holder to hold common stock in excess of a specified beneficial ownership limitation, upon exercise of such portion, as set forth in the private placement warrant, instead of shares being issued, the exercise would result in the modification of the terms of such portion to be consistent with the terms of the pre-funded warrant. Upon issuance, the private placement warrants were precluded from being considered indexed to the Company's own stock in accordance with ASC 815. Therefore, at issuance, the private placement warrants were liability-classified and recorded at their issuance date fair value.

In March 2024, the Company entered into warrant amendment agreements with holders of 100% of the private placement warrants issued in November 2023 and holders of 97% of the private placement warrants issued in the February 2024 SPA to amend the aforementioned terms in the private placement warrants. As a result, 354,693 of the November 2023 and February 2024 SPA private placement warrants, as amended, were no longer precluded from being considered indexed to the Company's stock in accordance with ASC 815. The Company reclassified $0.8 million of the amended private placement warrants as equity, in the Company's statements of stockholders' equity/deficit for the year ended December 31, 2024, based on the guidance provided under ASC 815-40. The private placement warrants, as amended, were marked to fair value on the amendment date resulting in a gain on change in fair value of warrant liabilities of $0.36 million in the Company's statements of operations and comprehensive loss for the year ended December 31, 2024.

On March 27, 2024, the Company entered into a securities purchase agreement pursuant to which the Company issued and sold 193,000 shares of the Company's common stock in a public offering together with private placement warrants to purchase up to 193,000 shares of common stock in a concurrent private placement at a combined price of $7.77 per share and accompanying private placement warrant for an aggregate purchase price of approximately $1.5 million. The Company had the right to "call" any portion of these private placement warrants under the same conditions and terms as the public warrants and the November private placement warrants. Separately on March 27, 2024, the Company entered into a securities purchase agreement in a different form pursuant to which the Company sold 159,683 shares of common stock and private placement warrants to purchase up to 159,683 shares of common stock in a private placement at a combined price of $7.77 per share and accompanying private placement warrant for an aggregate purchase price of approximately $1.25 million. The Company had the right to "call" any portion of these private placement warrants under the same conditions and terms as the February private placement warrants.

The Company evaluated the March 2024 private placement warrants and concluded that they met the criteria to be classified within stockholders' equity within additional paid-in-capital. These private placement warrants are equity classified because they (1) are freestanding financial instruments that are legally detachable and separately exercisable from the common stock, (2) are immediately exercisable, (3) do not embody an obligation for the Company to repurchase its shares, (4) permit the holder to receive a fixed number of shares of common stock upon exercise, (5) are indexed to the Company's common stock and (6) meet the equity classification criteria.

Accordingly, the Company allocated approximately $0.84 million of the remaining proceeds (after the allocation of proceeds to the common stock in the amount equal to their issuance date fair value) to the March private placement warrants on a relative fair value basis for recognition in additional paid-in capital on the date of issuance.

Call of Public Warrants and Private Placement Warrants

In August 2024, the Company called for cancellation the public warrants and the private placement warrants, pursuant to terms of the warrants permitting the Company to call the warrants for cancellation following the announcement of a statistically significant increase in FDG-PET signal in patients in the Company's SIGNAL-AD trial of pepinemab for the treatment of Alzheimer's disease. All the public warrants and private placement warrants not exercised pursuant to the Inducement Letter Agreements were thereafter canceled in September 2024. As of December 31, 2024, none of the private placement warrants or the public warrants were outstanding.

Inducement Transaction

On September 17, 2024, the Company entered into inducement letter agreements (the "Inducement Letter Agreements") with holders (the "Holders") of existing warrants to purchase up to an aggregate of 1,067,492 shares of the Company's common stock, par value $0.0001 per share, originally issued to the Holders between October 2023 and March 2024 as public warrants or private placement warrants (the "Existing Warrants"). Pursuant to the Inducement Letter Agreements, the Holders agreed to exercise for cash the Existing Warrants at a reduced exercise price of $5.636 per share in consideration of the Company's agreement to issue new unregistered common warrants (the "New Warrants") to purchase up to 1,601,238 shares of common stock (the "New Warrant Shares"), which were issued and sold in a private placement at a price of $0.125 per New Warrant. Each New Warrant had an initial exercise price equal to $5.636 per share, was immediately exercisable, and expires September 18, 2029. Included in the exercise of the Existing Warrants were the public warrants issued in the Offering and the private placement warrants issued in the February 2024 SPA, which had not been reclassified to equity in March 2024. The Company revalued the Offering public warrants, and the February 2024 SPA liability classified private placement warrants on September 17, 2024, resulting in a fair value of $0.1 million. The decrease in the fair value of the common stock warrant liability throughout the year resulted in an offsetting gain on common stock warrant liabilities in the Statements of Operations.

The exercise of the Existing Warrants resulted in the Company issuing 872,028 shares of common stock and, pursuant to terms of the Existing Warrants, the pre-funding of 195,464 shares of common stock underlying Existing Warrants where the applicable Holder would have exceeded a specified beneficial ownership limitation contained in the applicable Existing Warrant if shares of common stock had been issued.

The gross proceeds to the Company from the exercise of the Existing Warrants and the sale of the New Warrants are approximately $6.2 million, prior to deducting financial advisory fees and estimated transaction expenses. The closing of the transactions contemplated by the Inducement Letter Agreements occurred in part on September 18, 2024, and in part on September 19, 2024.

ADDF Warrants

In connection with the securities purchase agreement with the Alzheimer's Drug Discovery Foundation, the Company sold ADDF Warrants to purchase up to 229,057 shares of common stock. Each ADDF Warrant has an initial exercise price equal to $7.64 per share, subject to proportional adjustments in the event of stock splits, combinations (including reverse stock splits), or similar events. These ADDF Warrants are immediately exercisable and will expire on March 29, 2029.

The Company evaluated the ADDF Warrants and concluded they met the criteria to be classified within stockholders' equity within additional paid-in-capital. The ADDF Warrants are equity classified because they (1) are freestanding financial instruments that are legally detachable and separately exercisable from the common stock, (2) are immediately exercisable, (3) do not embody an obligation for the Company to repurchase its shares, (4) permit the holder to receive a fixed number of shares of common stock upon exercise, (5) are indexed to the Company's common stock and (6) meet the equity classification criteria.

As of December 31, 2025, and December 31, 2024, respectively, all of the ADDF warrants were outstanding.

Pre-Funded Warrants

In connection with the exercise of Existing Warrants in the September 2024 inducement transaction, the Company pre-funded 195,464 shares of common stock underlying Existing Warrants where the applicable Holder would have exceeded a specified beneficial ownership limitation contained in the applicable Existing Warrants if shares of common stock had been issued.

In connection with the February 2024 SPA, the Company sold pre-funded warrants exercisable for 90,363 shares of common stock. Each pre-funded warrant has an initial exercise price equal to $0.0014 per share, subject to proportional adjustments in the event of stock splits, combinations (including reverse stock splits), or similar events. The pre-funded warrants may be exercised at any time and will not expire until they are exercised in full. The pre-funded warrants are subject to the same beneficial owner limitations as the private placement warrants.

The Company evaluated the pre-funded warrants and concluded that they met the criteria to be classified within stockholders' equity within additional paid-in-capital. The pre-funded warrants are equity classified because they (1) are freestanding financial instruments that are legally detachable and separately exercisable from the common stock, (2) are immediately exercisable, (3) do not embody an obligation for the Company to repurchase its shares, (4) permit the holder to receive a fixed number of shares of common stock upon exercise, (5) are indexed to the Company's common stock and (6) meet the equity classification criteria.

Accordingly, the Company allocated approximately $0.9 million of the remaining proceeds (after the allocation of proceeds to the liability-classified private placement warrants in the amount equal to their issuance date fair value) to the pre-funded warrants on a relative fair value basis for recognition in additional paid-in capital on the date of issuance.

As of December 31, 2025, and 2024, respectively, all the February 2024 SPA pre-funded warrants and pre-funded shares in connection with the September 2024 inducement transaction were outstanding.

11. COMMON STOCK RESERVED FOR ISSUANCE

Common stock has been reserved for the following potential future issuances:

	As of December 31, 2025	As of December 31, 2024
Shares underlying outstanding stock options	40,475	72,421
Shares available for future stock option grants	127,648	15,403
Shares underlying outstanding private placement warrants	1,830,297	1,830,297
Shares underlying convertible preferred stock-if converted	225,225	225,225
Shares underlying outstanding pre-funded warrants	870,473	870,473
Total shares of common stock reserved	3,094,118	3,013,819

12. STOCK-BASED COMPENSATION

2011 Employee Equity Plan

In connection with the adoption of the Company's 2018 Omnibus Incentive Plan (the "2018 Plan") in August 2018, the Company ceased granting stock options under the Company's 2011 Employee Equity Plan (the "2011 Plan"). However, the 2011 Plan will continue to govern the terms and conditions of the outstanding stock options previously granted thereunder. Any shares of stock related to awards outstanding under the 2011 Plan that terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such shares will become available for grant under the 2018 Plan. Stock options granted under the 2011 Plan expire in five or ten years from the date of grant.

2018 Omnibus Incentive Plan

In August 2018, the Company's board of directors adopted, and its stockholders approved, the 2018 Plan, which allows for the granting of stock, stock options, and stock appreciation rights awards to employees, advisors, and consultants. Stock options granted under the 2018 Plan may be either incentive stock options or non-statutory stock options. Incentive stock options may be granted to employees, advisors, and consultants at exercise prices of no less than the fair value of the common stock on the grant date. If at the time of grant, the optionee owns stock representing more than 10% of the voting power of all classes of stock of the Company, the exercise price must be at least 110% of the fair value of the common stock on the grant date as determined by the board of directors. Non-statutory stock options may be granted to employees, advisors and consultants at exercise prices of less than the fair market value of a share of common stock on the date the non-statutory stock option is granted but shall under no circumstances be less than adequate consideration as determined by the board of directors for such a share. The vesting period of stock option grants is determined by the board of directors, ranging from zero to eight years. Stock options granted under the 2018 Plan expire in five or ten years from the date of grant.

The Company initially reserved 2,024 shares of common stock for issuance, subject to certain adjustments, pursuant to awards under the 2018 Plan. Any shares of common stock related to awards outstanding under the 2011 Plan as of the effective date of the 2018 Plan, which thereafter terminate by expiration, forfeiture, cancellation or otherwise without the issuance of such shares, will be added to, and included in, the number of shares of common stock available for grant under the 2018 Plan. In addition, (i) on May 9, 2024, the number of shares of common stock reserved for issuance under the 2018 Plan automatically increased by 55,422 shares, which represented 4.5% of the total number of shares of common stock outstanding on March 22, 2024, and (ii) on each January 1st effective January 1, 2020, through January 1, 2025, and from January 1, 2026, and continuing until the expiration of the 2018 Plan, the number of shares of common stock available for issuance under the 2018 Plan will automatically increase annually by 2% and 3%, respectively, of the total number of issued and outstanding shares of the Company's common stock as of December 31 of the preceding year or such lesser number as the Company's board of directors may decide, which may be zero.

Accordingly, on January 1, 2025, 80,299 additional shares of common stock became available for issuance under the 2018 Plan.

A summary of the Company's stock option activity and related information is as follows:

	Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Balance as of January 1, 2024	14,323	$ 446.93	7.7	$ -
Granted	73,906	5.75	9.6	
Forfeited	(15,784)	76.93		
Expired	(24)	3,129.00		
Balance as of December 31, 2024	72,421	$ 79.21	8.9	$ -
Forfeited	(30,908)	5.91		
Expired	(1,038)	1,467.72		
Balance as of December 31, 2025	40,475	$ 95.03	7.8	$ -
Exercisable as of December 31, 2025	28,197	$ 128.61	7.6	$ -

The weighted-average grant date fair value of stock options granted to employees and directors for the year ended December 31, 2024, was $3.79 per share. The aggregate grant date fair value of stock options that vested during the years ended December 31, 2025, and 2024 was $179,929 and $453,057, respectively.

The intrinsic value of stock options vested and expected to vest and exercisable is calculated based on the difference between the exercise price and the fair value of the Company's common stock as of December 31, 2025, and 2024. The intrinsic value of exercised stock options is the difference between the fair value of the underlying common stock and the exercise price as of the exercise date. The intrinsic value of outstanding and exercisable awards on December 31, 2025, was zero.

As of December 31, 2025, and 2024, total unrecognized compensation cost related to stock options granted to employees was $125,000 and $242,067, respectively, which is expected to be recognized over a weighted-average period of 0.9 and 1.54 years as of December 31, 2025, and 2024, respectively.

Determination of Fair Value

The determination of the fair value of stock options on the date of grant using the Black-Scholes option-pricing model is affected by the estimated fair value of the Company's common stock, as well as assumptions regarding a number of variables that are complex, subjective and generally require significant judgment to determine. The assumptions used to calculate the fair value of stock options were:

Fair Value of Common Stock

Prior to the IPO, the fair value of the common stock underlying the stock options was determined by the Company's board of directors, with input from management and third-party valuations. Subsequent to the IPO, the fair value of the Company's common stock was based on its publicly traded price per share.

Expected Term

The expected term represents the period that the Company's stock option awards are expected to be outstanding. Stock options granted have a maximum contractual life of 10 years. The Company estimates the expected term of the stock option to be 6.0 years based on historical data on employee exercises and post-vesting employment termination behavior.

Expected Volatility

As the Company does not have a trading history for its common stock, the expected stock price volatility for the Company's common stock was estimated by taking the average historic price volatility for industry peers based on daily price observations over a period equivalent to the expected term of the stock option grants. Industry peers consist of several public companies in the Company's industry which are of similar size, complexity, and stage of development. The Company intends to continue to consistently apply this process using the same or similar public companies until a sufficient amount of historical information regarding the volatility of its own share price becomes available, or unless circumstances change such that the identified companies are no longer similar to the Company, in which case, more suitable companies whose share prices are publicly available would be used in the calculation.

Risk-Free Interest Rate

The risk-free interest rate is based on the U.S. Treasury rate, with maturities similar to the expected term of the stock options.

Expected Dividend Yield

The Company does not anticipate paying any dividends in the foreseeable future and, therefore, uses an expected dividend yield of zero.

The grant date fair value of employee stock options was estimated using a Black-Scholes option-pricing model with the following weighted-average assumptions:

	Year Ended December 31, 2024
Expected term (in years)	6.0
Expected volatility	75 %
Risk-free interest rate	4.5 %
Expected dividend yield	- %

Total stock-based compensation expense recognized in the statements of operations and comprehensive loss is as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Research and development	$ 81	$ 125
General and administrative	76	216
Total stock-based compensation expense	$ 157	$ 341

13. INCOME TAXES

No provision for income taxes was recorded in the years ended December 31, 2025, and 2024. The Company remains in a cumulative loss position with a full valuation allowance recorded against its net deferred income tax assets as of December 31, 2025.

The reconciliation of federal statutory income tax rate to the Company's effective income tax rate is as follows:

	Year Ended December 31,	
	2025	2024
Expected income tax benefit at the federal statutory rate	21.0 %	21.0 %
State taxes, net of federal benefit	5.0	5.3
Research and development credit, net	3.6	4.5
Non-deductible items and others	(0.9)	0.4
Change in valuation allowance	(28.7)	(31.2)
Total	0.0 %	0.0 %

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The principal components of the Company's deferred tax assets consisted of the following as of December 31, 2025, and 2024 (in thousands):

	As of December 31,	
	2025	2024
Deferred tax assets:		
Federal and state net operating loss carryforwards	$ 84,913	$ 82,343
Research and development tax credits	24,796	24,634
Research and development expenses	6,596	7,801
Reserves and accruals	53	76
Other	626	633
Total deferred tax assets	116,984	115,487
Less: valuation allowance	(116,984)	(115,487)
Net deferred tax assets	-	-
Deferred tax liability:		
Net deferred tax assets and liability	$ -	$ -

The Company's valuation allowance increased by $1.5 million and by $6.0 million for the years ended December 31, 2025, and 2024, respectively, in order to maintain a full valuation allowance against its deferred tax assets. Based on the Company's history of losses, the Company recorded a full valuation allowance against its deferred tax assets as of December 31, 2025, and 2024. The Company intends to maintain a valuation allowance until sufficient positive evidence exists to support a reversal of the valuation allowance and the realization of the Company's deferred tax assets.

As of December 31, 2025, the Company had federal and state operating loss carryforwards of $322.5 million and $334.7 million, which began to expire in the years ending December 31, 2024, and 2034, respectively. The Company had federal research and development tax credit carry forwards of $24.8 million as of December 31, 2025. This credit began expiring in the year ending December 31, 2021.

Under the provisions of Sections 382 and 383 of the Internal Revenue Code (the IRC), net operating loss and credit carryforwards and other tax attributes may be subject to limitation if there has been a significant change in ownership of the Company, as defined by the IRC. Future owner or equity shifts could result in limitations on net operating loss and credit carryforwards.

The Company files income tax returns in the U.S. federal jurisdiction as well as many U.S. state jurisdictions. The tax years from January 1, 2022, to December 31, 2025, remain open to examination by the major jurisdictions in which the Company is subject to tax. Fiscal years outside the normal statute of limitations remain open to audit by tax authorities due to tax attributes generated in those early years, which have been carried forward and may be audited in subsequent years when utilized.

The Company evaluates tax positions for recognition using a more-likely-than-not recognition threshold, and those tax positions eligible for recognition are measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon the effective settlement with a taxing authority that has full knowledge of all relevant information. As of December 31, 2025, and 2024, the Company had no unrecognized income tax benefits that would affect the Company's effective tax rate if recognized.

14. NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS

The following weighted-average common stock equivalents were excluded from the calculation of diluted net loss per share for the periods presented as they had an anti-dilutive effect:

	Year Ended December 31,	
	2025	2024
Options to purchase common stock	48,416	59,051
Public warrants to purchase common stock	-	480,745
If-converted common shares from convertible preferred stock	225,225	171,394
Private placement warrants to purchase common stock	1,830,297	1,059,857

15. EMPLOYEE BENEFIT PLAN

The Company sponsors a 401(k) plan that stipulates that eligible employees can elect to contribute to the 401(k) plan, subject to certain limitations, up to the lesser of the statutory maximum or 100% of eligible compensation on a pre-tax basis. Through December 31, 2025, and 2024, the Company has not elected to match employee contributions as permitted by the plan. The Company pays the administrative costs for the plan.

16. RELATED PARTY TRANSACTIONS

As discussed in Note 7, the Company leases its facility from 1895 Management, Ltd., a New York corporation controlled by an entity affiliated with the Company's chairman and major stockholder of the Company. Rent expense incurred under this operating lease was $181,000 for each of the years ended December 31, 2025, and 2024.

On February 6, 2024, the Company entered into a securities purchase agreement pursuant to which it issued and sold 274,182 shares of our common stock together with private placement warrants to purchase up to 274,182 shares of common stock and (ii) pre-funded warrants to purchase up to 90,363 shares of common stock together with private placement warrants to purchase up to 90,363 shares of our common stock (the "February 2024 SPA"). The shares of common stock and accompanying private placement warrants were sold at a combined price of $10.15 per share and the accompanying private placement warrant, and the pre-funded warrants and accompanying private placement warrants were sold at a combined price of $10.1486 per pre-funded warrant and accompanying private placement warrant, for aggregate gross proceeds of approximately $3.7 million. FCMI and Vaccinex (Rochester), L.L.C. purchased shares of the Company's common stock and accompanying warrants in this transaction.

On March 27, 2024, the Company entered into a securities purchase agreement in a different form pursuant to which the Company sold 159,683 shares of common stock and warrants to purchase up to 159,683 shares of common stock in a private placement at a combined price of $7.77 per share and accompanying warrant for an aggregate purchase price of approximately $1.25 million. FCMI and Vaccinex (Rochester), L.L.C. purchased shares of the Company's common stock and accompanying warrants in this transaction. This transaction closed on March 28, 2024.

On September 17, 2024, the Company entered into the Inducement Letter Agreements as described in Note 10 above. FCMI and Vaccinex (Rochester), L.L.C. participated in the transactions contemplated by the Inducement Letter Agreements.

On November 13, 2024, the Company entered into a securities purchase agreement, pursuant to which the Company issued and sold 76,909 shares of its common stock and prefunded warrants to purchase up to 584,646 shares of common stock at a combined price of $3.25 per share for aggregate gross proceeds of $2.15 million. Vaccinex (Rochester) L.L.C. and FCMI purchased shares of the Company's common stock while FCMI purchased the prefunded warrants in this transaction.

On April 28, 2025, the Company entered into a note purchase agreement with FCMI as an investor and as collateral agent and with additional investors as permitted under the agreement. Under the agreement, the company is authorized to issue secured promissory notes in an aggregate principal amount of up to $10.0 million. On December 31, 2025, the outstanding balance under the Notes was $5.0 million, which includes $0.1 million of accrued interest. See Note 8.

During 2025, Vaccinex (Rochester), LLC loaned $450,000 to fund the company's operations. See Note 8.

17. SEGMENT INFORMATION

The Company operates and manages its business as one operating and reportable segment, which is the discovery and development of targeted biotherapeutics to treat serious diseases and conditions with unmet medical needs. The Company's chief operating decision maker ("CODM") is its President and Chief Executive Officer. The Company's measure of segment profit or loss is net income. For purposes of allocating resources and evaluating financial performance, the CODM reviews the financial information and evaluates net income or loss against comparable prior periods and the Company's forecast. The measure of segment assets is reported on the balance sheet as total assets. As of December 31, 2025, and 2024, all long-lived assets are located in the United States.

In addition to the significant expense categories included within net loss on the Company's statements of operations and comprehensive loss, see below for disaggregated research and development expenses:

	Year Ended December 31,	
	2025	2024
	(in thousands)	(in thousands)
Clinical trial costs	$ 57	$ 6,081
Wages, benefits, and related costs	2,990	4,423
Preclinical supplies and equipment depreciation	953	1,516
Consulting, non-clinical trial services, and other	251	525
Total research and development expenses	$ 4,251	$ 12,545

18. LICENSE AGREEMENT – PEPINEMAB

On December 12, 2025, the Company entered into a License Agreement (the "License Agreement") with Pepinemab Development Venture LP ("PDV"), an Ontario limited partnership, pursuant to which the Company and PDV granted each other certain rights related to pepinemab, a SEMA4D-targeting humanized monoclonal antibody, for the treatment of neurological diseases.

Under the terms of the License Agreement, the Company granted PDV a non-exclusive, royalty-free license under certain of the Company's patents and know-how solely to conduct a Phase 2 clinical trial of pepinemab in Alzheimer's disease. This license automatically terminates upon completion or termination of the Phase 2 clinical trial. PDV is responsible for initiating, funding, and conducting the Phase 2 clinical trial, subject to a maximum funding commitment of up to $60.0 million of out-of-pocket trial costs.

In consideration for PDV's funding and conduct of the Phase 2 clinical trial, PDV granted the Company an exclusive, perpetual, irrevocable, worldwide license, with the right to sublicense, under all intellectual property owned or controlled by PDV, including any developments arising from the Phase 2 trial, to research, develop, manufacture, and commercialize pepinemab for all human therapeutic uses. The Company retains full global commercialization rights to pepinemab, subject to the revenue-sharing obligations described below.

Under the License Agreement, the Company is required to pay PDV a percentage of net licensing revenue received by the Company or its affiliates from third-party sublicensees of pepinemab. The revenue-sharing percentage is 50% for sublicensing revenue attributable to neurological indications and 25% for sublicensing revenue attributable to all other indications. Net licensing revenue includes upfront payments, milestone payments, royalties, and other consideration received from sublicensees, subject to specified permitted deductions. No revenue-sharing payments are payable unless and until the Company receives net licensing revenue from third-party sublicense arrangements. The License Agreement does not currently provide for royalties on direct product sales by the Company; however, the parties have agreed to negotiate such royalties in good faith if the Company elects to commercialize pepinemab directly.

The License Agreement remains in effect on a perpetual basis unless terminated earlier due to material breach or by mutual agreement of the parties. Upon termination under specified circumstances, the licenses granted to PDV would revert to the Company, while the licenses granted to the Company would survive in accordance with the agreement terms.

The Company has assessed the License Agreement under applicable accounting guidance and determined that, as of December 31, 2025, no payments were due under the agreement, and no amounts were required to be recorded in the accompanying financial statements. The License Agreement did not have a material impact on the Company's financial statements for the year ended December 31, 2025.

19. RESEARCH AND DEVELOPMENT SERVICES AGREEMENT

On December 12, 2025, the Company entered into a Research and Development Services Agreement (the "R&D Services Agreement") with Pepinemab Development Venture LP ("PDV"), an Ontario limited partnership, effective as of December 12, 2025. Under the R&D Services Agreement, PDV engaged the Company to perform research and development services related to the conduct of a Phase 2 clinical trial of pepinemab, a SEMA4D-targeting humanized monoclonal antibody, for the treatment of Alzheimer's disease (the "Phase 2 Trial").

Pursuant to the R&D Services Agreement, the Company is responsible for conducting research and development activities necessary to support and manage the Phase 2 Trial in accordance with an agreed development plan, applicable regulatory requirements, and standards of good clinical practice. Oversight of the services is provided through a joint services steering committee, which reviews trial progress, budgets, and updates to the development plan. In the event the services steering committee cannot reach consensus on a matter within its authority, PDV has final decision-making authority.

Under the terms of the R&D Services Agreement, PDV is required to directly pay for, or reimburse the Company for, (i) third-party costs incurred in connection with the conduct of the Phase 2 Trial, and (ii) the Company's internal costs incurred in performing services under the agreement, including certain directly allocable personnel, facility, and overhead costs, in each case in accordance with approved budgets. The parties may also agree to a markup on reimbursable costs, which may be zero. The Company provides monthly cost reports to PDV, and payments are generally due within fifteen days of receipt.

All intellectual property, clinical data, regulatory filings, and other developments generated in the performance of services under the R&D Services Agreement are owned by PDV. The Company has agreed to assign to PDV any intellectual property rights arising from the services and retains only a limited, non-exclusive right to use PDV intellectual property solely as necessary to perform the services during the term of the agreement.

The initial term of the R&D Services Agreement is four years from the effective date, with automatic one-year renewals thereafter unless terminated earlier. Either party may terminate the agreement for material breach, subject to specified cure periods, or upon the occurrence of certain insolvency-related events. Upon termination, the Company is entitled to payment for services performed and costs incurred through the date of termination.

For the period from December 12, 2025, through December 31, 2025, PDV paid the Company $413,597 for services performed. The Company recorded these amounts as service revenue in accordance with ASC 606, with the related costs reflected in research and development expense, consistent with the accounting policy described in the footnote disclosure.