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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2022
OR

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

For the transition period from _____ to
Commission File Number: 001-40591

HCW Biologics Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**82-5024477**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2929 N. Commerce Parkway Miramar, Florida	**33025**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (954) 842–2024

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	**HCWB**	**The Nasdaq Stock Market LLC**

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

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

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

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

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

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

As of August 10, 2022, the registrant had 35,833,135 shares of common stock, $0.0001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

HCW Biologics Inc.
Condensed Balance Sheets

	December 31, 2021	June 30, 2022 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,730,677	$ 15,420,331
Short-term investments	24,983,520	16,993,523
Accounts receivable, net	133,000	346,934
Prepaid expenses	2,196,557	1,397,497
Other current assets	1,436,616	470,021
Total current assets	40,480,370	34,628,306
Investments	11,522,050	11,302,870
Property and equipment, net	1,119,091	913,734
Other assets	393,318	563,512
Total assets	$ 53,514,829	$ 47,408,422
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Current liabilities:		
Accounts payable	$ 223,664	$ 296,207
Accrued liabilities and other current liabilities	2,097,925	848,340
Total current liabilities	2,321,589	1,144,547
Other liabilities	—	98,447
Total liabilities	2,321,589	1,242,994
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock:		
Common, $0.0001 par value; 250,000,000 shares authorized and 35,768,264 shares issued at December 31, 2021; 250,000,000 shares authorized and 35,823,923 shares issued at June 30, 2022	3,577	3,582
Additional paid-in capital	81,827,006	82,366,957
Accumulated deficit	(30,637,343)	(36,205,111)
Total stockholders' equity	51,193,240	46,165,428
Total liabilities and stockholders' equity	$ 53,514,829	$ 47,408,422

See accompanying notes to the unaudited condensed interim financial statements.

HCW Biologics Inc.
Condensed Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2022	2021	2022
Revenues:				
Revenues	$ —	$ 454,000	$ —	$ 3,571,545
Cost of revenues	—	(287,200)	—	(1,615,276)
Net revenues	—	166,800	—	1,956,269
Operating expenses:				
Research and development	$ 1,673,163	$ 1,969,882	$ 4,002,976	$ 3,759,558
General and administrative	1,077,830	1,707,995	2,160,190	3,588,597
Total operating expenses	2,750,993	3,677,877	6,163,166	7,348,155
Loss from operations	(2,750,993)	(3,511,077)	(6,163,166)	(5,391,886)
Interest and other income (loss), net	631	516	568,808	(175,882)
Net loss	$ (2,750,362)	$ (3,510,561)	$ (5,594,358)	$ (5,567,768)
Less: cumulative preferred dividends earned in the period	(482,662)	—	(960,020)	—
Net loss available for distribution to common stockholders	$ (3,233,024)	$ (3,510,561)	$ (6,554,378)	$ (5,567,768)
Net loss per share, basic and diluted	$ (0.66)	$ (0.10)	$ (1.34)	$ (0.16)
Weighted average shares outstanding, basic and diluted	4,921,121	35,814,482	4,880,496	35,796,257

See accompanying notes to the unaudited condensed interim financial statements.

HCW Biologics Inc.
Condensed Statements of Changes in Redeemable Preferred Stock and Stockholders' (Deficit) Equity
For the Six Months Ended June 30, 2021 and June 30, 2022
(Unaudited)

	Redeemable Preferred Stock						Stockholders' Deficit				
	Series A		Series B		Series C		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, December 31, 2020	6,316,691	$ 6,140,792	12,012,617	$ 13,680,306	5,439,112	$ 11,294,301	4,793,393	$ 480	$ —	$ (16,718,877)	$ (16,718,397)
Issuance of Class A Common Stock upon exercise of stock options	—	—	—	—	—	—	88,702	8	13,377	—	13,385
Stock-based compensation	—	—	—	—	—	—	—	—	641	—	641
6% cumulative dividends on redeemable preferred stock	—	95,992	—	213,971	—	167,395	—	—	(14,018)	(463,340)	(477,358)
Accretion of issuance costs	—	—	0 —	3,929	—	10,200	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	—	—	(2,843,996)	(2,843,996)
Balance, March 31, 2021	**6,316,691**	**$ 6,236,784**	**12,012,617**	**$ 13,898,206**	**5,439,112**	**$ 11,471,896**	**4,882,095**	**$ 488**	**$ —**	**$ (20,026,213)**	**$ (20,025,725)**
Issuance of Class A Common Stock upon exercise of stock options	—	—	—	—	—	—	73,505	8	9,457	—	9,465
Stock-based compensation	—	—	—	—	—	—	—	—	9,578	—	9,578
6% cumulative dividends on redeemable preferred stock	—	97,058	—	216,348	—	169,256	—	—	(19,035)	(463,627)	(482,662)
Accretion of issuance costs	—	—	—	3,929	—	10,198	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	—	—	(2,750,362)	(2,750,362)
Balance, June 30, 2021	**6,316,691**	**$ 6,333,842**	**12,012,617**	**$ 14,118,483**	**5,439,112**	**$ 11,651,350**	**4,955,600**	**$ 496**	**$ —**	**$ (23,240,202)**	**$ (23,239,706)**

	Redeemable Preferred Stock						Stockholders' Equity				
	Series A		Series B		Series C		Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance, December 31, 2021	—	$ —	—	$ —	—	$ —	35,768,264	$ 3,577	$ 81,827,006	$ (30,637,343)	$ 51,193,240
Issuance of Class A Common Stock upon exercise of stock options	—	—	—	—	—	—	11,225	1	2,272	—	2,273
Stock-based compensation	—	—	—	—	—	—	—	—	260,348	—	260,348
Net loss	—	—	—	—	—	—	—	—	—	(2,057,207)	(2,057,207)
Balance, March 31, 2022	**—**	**$ —**	**—**	**$ —**	**—**	**$ —**	**35,779,489**	**$ 3,578**	**$ 82,089,626**	**$ (32,694,550)**	**$ 49,398,654**
Issuance of Class A Common Stock upon exercise of stock options	—	—	—	—	—	—	44,434	4	5,996	—	6,000
Stock-based compensation	—	—	—	—	—	—	—	—	271,335	—	271,335
Net loss	—	—	—	—	—	—	—	—	—	(3,510,561)	(3,510,561)
Balance, June 30, 2022	**—**	**$ —**	**—**	**$ —**	**—**	**$ —**	**35,823,923**	**$ 3,582**	**$ 82,366,957**	**$ (36,205,111)**	**$ 46,165,428**

See accompanying notes to the unaudited condensed interim financial statements.

HCW Biologics Inc.
Condensed Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
	2021	**2022**
Cash flows from operating activities:		
Net loss	$ (5,594,358)	$ (5,567,768)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	313,679	292,363
Stock-based compensation	10,218	531,683
Gain on extinguishment of debt	(567,311)	—
Unrealized loss on investments, net	—	209,337
Reduction in the carrying amount of right-of-use asset	—	836
Changes in operating assets and liabilities:		
Accounts receivable	2,450,000	(213,934)
Prepaid expenses and other assets	(563,436)	1,863,759
Accounts payable and other liabilities	1,470,966	(1,347,729)
Operating lease liability	—	(50,545)
Net cash used in operating activities	(2,480,242)	(4,281,998)
Cash flows from investing activities:		
Purchases of property and equipment	(23,279)	(36,461)
Proceeds for sale or maturities of short-term investments	—	7,999,840
Net cash (used in) provided by investing activities	(23,279)	7,963,379
Cash flows from financing activities:		
Proceeds from issuance of common stock	22,850	8,273
Offering costs	(924,312)	—
Net cash (used in) provided by financing activities	(901,462)	8,273
Net changes in cash and cash equivalents	(3,404,983)	3,689,654
Cash and cash equivalents at the beginning of the period	8,455,834	11,730,677
Cash and cash equivalents at the end of the period	$ 5,050,851	$ 15,420,331
Non-cash operating, investing and financing activities:		
Cumulative dividends earned and accrued in the reporting period	$ 960,020	$ —
PPP loan forgiveness	$ 567,311	$ —
Offering costs	$ 2,264,688	$ —
Operating lease liabilities arising from obtaining right-of-use assets	$ —	$ 269,134

See accompanying notes to the unaudited condensed interim financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

HCW Biologics Inc. (the "Company") is a clinical-stage biopharmaceutical company focused on discovering and developing novel immunotherapies to lengthen health span by disrupting the link between chronic, low-grade inflammation and age-related diseases. The Company believes age-related low-grade chronic inflammation, or "inflammaging," is a significant contributing factor to several chronic diseases and conditions, such as cancer, cardiovascular disease, diabetes, neurodegenerative diseases, and autoimmune diseases. The Company is located in Miramar, Florida and was incorporated in the state of Delaware in April 2018.

Liquidity

As of June 30, 2022, the Company had not generated any revenue from commercial product sales of its internally-developed immunotherapeutic products for the treatment of cancer and other age-related diseases. In the course of its development activities, the Company has sustained operating losses and expects to continue to incur operating losses for the foreseeable future. Since inception, substantially all the Company's activities have consisted of research, development, establishing large-scale cGMP production for clinical trials, and raising capital. The Company's total revenues to date have been generated principally from its exclusive worldwide license with Wugen, Inc. ("Wugen"), pursuant to which Wugen licensed limited rights to develop, manufacture, and commercialize cell therapy treatments for cancer based on two of our internally-developed multi-cytokine fusion protein molecules, and its manufacturing and supply arrangement with Wugen. In the three months and six months ended June 30, 2022, the Company recognized revenues of $454,000 and $3.6 million, respectively, generated from the supply of clinical and research grade material to Wugen.

On July 19, 2021, the Company's registration statement on Form S-1 for its initial public offering ("IPO") was declared effective by the Securities and Exchange Commission ("SEC"). On July 22, 2021, the Company closed its IPO with the sale of 7,000,000 shares of common stock, at a public offering price of $8.00 per share, resulting in net proceeds of approximately $49.2 million, after deducting underwriting discounts and commissions and estimated offering expenses paid by the Company. The IPO met the provisions for mandatory conversion of all shares of redeemable preferred stock according to the designations for these securities. As a result of the conversion, the Company issued 23,768,416 shares of common stock to the former holders of redeemable preferred stock. In addition, as a result of conditions for mandatory conversion, the Company was relieved of its obligation to pay $2.8 million in cumulative dividends that were accrued and unpaid on the conversion date.

As of June 30, 2022, the Company had cash and cash equivalents of $15.4 million, short-term investments of $17.0 million held in U.S. government-backed securities, and long-term investments of $9.7 million held in U.S. government-backed securities. Since inception to June 30, 2022, the Company incurred cumulative net losses of $33.5 million. Management expects to incur additional losses in the future to conduct product research and development and recognizes the need to raise additional capital to fully implement its business plan. The Company intends to raise capital which may include the issuance of additional equity financing and/or third-party collaboration funding. However, if such financing is not available at adequate levels, the Company will need to reevaluate its operating plan and may be required to delay the development of some of its products.

Summary of Significant Accounting Policies

Basis of Presentation

Unaudited Interim Financial Information

The accompanying unaudited condensed interim financial statements as of June 30, 2022 and for the three months and six months ended June 30, 2021 and 2022 have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and pursuant to Article 10 of Regulation S-X of the Securities Act of 1933, as amended (the "Securities Act"). Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. These unaudited condensed interim financial statements include only normal and recurring adjustments that the Company believes are necessary to fairly state the Company's financial position and the results of its operations and cash flows. The results for the three and six months ended June 30, 2021 and 2022 are not necessarily indicative of the results expected for the full fiscal year or any subsequent interim period. The condensed balance sheet at December 31, 2021 has been derived from the audited financial statements at that date but does not include all disclosures required by U.S. GAAP for complete financial statements. Because all of the disclosures required by U.S. GAAP for complete financial statements are not included herein, these unaudited condensed interim financial statements and the notes accompanying them should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021 which appear in the Company's Annual Report on Form 10-K filed for the year ended December 31, 2021 with the SEC on March 29, 2022 and in other filings with the SEC.

Revenue Recognition

The Company accounts for revenues in accordance with Accounting Standards Codification Topic 606, Revenue from Contracts with Customers ("Topic 606"). To determine revenue recognition for arrangements that fall within the scope of Topic 606, the Company 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 Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods or services transferred to the customer.

At contract inception, the Company assesses the goods or services promised within each contract, 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. To date, the Company's revenues have been generated exclusively from the Wugen License, which consists of licenses of intellectual property, cost reimbursements, upfront signing fees, milestone payments and royalties on future licensee's product sales. In addition, the Company and Wugen have an agreement for the supply of clinical and research grade materials under which the Company also recognized revenues.

License Grants:

For out-licensing arrangements that include a grant of a license to the Company's intellectual property, the Company considers whether the license grant is distinct from the other performance obligations included in the arrangement. For licenses that are distinct, the Company recognizes revenues from nonrefundable, upfront payments and other consideration allocated to the license when the license term has begun and the Company has provided all necessary information regarding the underlying intellectual property to the customer, which generally occurs at or near the inception of the arrangement.

Milestone and Contingent Payments:

At the inception of the arrangement and at each reporting date thereafter, the Company assesses whether it should include any milestone and contingent payments or other forms of variable consideration in the transaction price using the most likely amount method. If it is probable that a significant reversal of cumulative revenue would not occur upon resolution of the uncertainty, the associated milestone value is included in the transaction price. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of each such milestone and any related constraint and, if necessary, adjusts its estimate of the overall transaction price. Since milestone and contingent payments may become payable to the Company upon the initiation of a clinical study or filing for or receipt of regulatory approval, the Company reviews the relevant facts and circumstances to determine when the Company should update the transaction price, which may occur before the triggering event. When the Company updates the transaction price for milestone and contingent payments, the Company allocates the changes in the total transaction price to each performance obligation in the agreement on the same basis as the initial allocation. Any such adjustments are recorded on a cumulative catch-up basis in the period of adjustment, which may result in recognizing revenue for previously satisfied performance obligations in such period. The Company's licensees will generally pay milestones payments subsequent to achievement of the triggering event.

Materials Supply:

The Company provides clinical and research grade materials so that licensees may develop products based on the licensed molecules. The Company plans to enter into commercialization supply agreements when licensees enter the commercial stage of their company. The amounts billed are recognized as revenue as the performance obligations are satisfied by the Company, once the Company determines that a contract exists.

On June 18, 2021, the Company entered into a master services agreement ("MSA") with Wugen for the supply of materials for clinical development of licensed products. The terms set forth in the MSA were not sufficient to meet all the requirements for the Company to determine that a contact existed for a transaction. In order for a contract to exist, additional terms for each transaction require the Company to enter into a statement-of-work ("SOW") for each purchase. Each of these transactions represents a single performance obligation that is satisfied over time. The Company recognizes revenue using an input method based on the costs incurred relative to the total expected cost, which determines the extent of the Company's progress toward completion. As part of the accounting for these arrangements, the Company must develop estimates and assumptions that require judgement to determine the progress towards completion. The Company reviews its estimate of the progress toward completion based on the best information available to recognize the cumulative progress toward completion as of the end of each reporting period, and makes revisions to such estimates, if facts and circumstances change during each reporting period.

On March 14, 2022, the Company entered into SOWs with Wugen for each of the then-current and historical purchases of clinical and research grade materials under the MSA. As a result, the Company determined that all requirements were met to qualify as contracts under Topic 606 for the related transactions covered by these SOWs. For the three months and six months ended June 30, 2022, the Company recognized revenue related to sale of development supply materials to Wugen of $454,000 and $3.6 million, respectively.

Deferred Revenue

Deferred revenue represents amounts billed, or in certain cases yet to be billed, to the Company’s customer for which the related revenues have not been recognized because one or more of the revenue recognition criteria has not been met. The Company had deferred revenue of $1.8 million and $314,625 as of December 31, 2021 and June 30, 2022, respectively. All deferred revenue balances are current liabilities and reported within Accrued liabilities and other current liabilities in the accompanying condensed balance sheets.

Investments

The Company holds a minority interest in Wugen which is accounted for using the measurement alternative whereby the investment is recorded at cost less impairment, adjusted for observable price changes in orderly transactions for an identical or similar investment of the same investee. No impairment has been recognized. As of December 31, 2021 and June 30, 2022, the Company included $1.6 million for the investment in Wugen in Investments in the accompanying condensed balance sheets.

The Company invests net proceeds of its IPO in bills and notes issued by the U.S. Treasury which are classified as trading securities. As of June 30, 2022, the Company held $17.0 million in U.S. Treasury bills included in Short-term investments and $9.7 million in U.S. Treasury notes included in Investments in the accompanying condensed balance sheet.

Operating Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in Other assets, Accrued liabilities and other current liabilities, and Other liabilities on its balance sheets. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As the Company’s leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred. The Company has a lease agreement with lease and non-lease components, which are accounted for separately.

Net Loss Per Share

Basic loss per share of common stock is computed by dividing net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during each period. Diluted loss per share of common stock includes the effect, if any, from the potential exercise of stock options and unvested shares of restricted stock, which would result in the issuance of incremental shares of common stock. For diluted net loss per share, the weighted-average number of shares of common stock is the same for basic net loss per share due to the fact that when a net loss exists, dilutive securities are not included in the calculation as the impact is anti-dilutive.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases ("Topic 842"), which requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases. The Company adopted Topic 842 as of January 1, 2022. Effective March 1, 2022, the Company entered into noncancelable operating leases for its current location with a two-year term. These are the only leases in scope of Topic 842 or above the Company's capitalization threshold.

2. Accrued Liabilities and Other Current Liabilities

As of December 31, 2021, the Company had a balance of $2.1 million in Accrued liabilities and other current liabilities, consisting of $1.8 million related to deferred revenue, $48,750 related to manufacturing materials, $51,000 related to legal fees, and $50,000 for other expenses. On January 8, 2021, the Company received full loan forgiveness of $567,311 for obligations related to the PPP loan. The Company accounted for the PPP loan as debt, and the loan forgiveness was accounted for as a debt extinguishment.

As of June 30, 2022, the Company had a balance of $848,340 in Accrued liabilities and other current liabilities, consisting primarily of $314,625 related to deferred revenue, $151,000 related to salary and benefits, $170,687 related to short-term lease liability, and $212,000 related to other current liabilities which were primarily accrued legal fees and clinical trials expenses.

3. Redeemable Preferred Stock

On July 22, 2021, the Company closed on its IPO, and the requirements for mandatory conversion were met. All outstanding shares of Series A, Series B, and Series C Preferred Stock converted into an equal number of shares of common stock. As a result, the rights, preferences, and terms ascribed to these shares are no longer applicable. Cumulative dividends of $2.8 million accrued as of the conversion date were forfeited and such forfeiture was recognized through Additional paid-in capital.

At December 31, 2021 and June 30, 2022, the Company has 10,000,000 shares of preferred stock authorized and no shares issued.

4. Net Loss Per Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2022	2021	2022
Numerator:				
Net loss	$ (2,750,362)	$ (3,510,561)	$ (5,594,358)	$ (5,567,768)
Less: cumulative preferred dividends earned in the period	(482,662)	—	(960,020)	$ —
Net loss available for distribution to common stock holders	$ (3,233,024)	$ (3,510,561)	$ (6,554,378)	$ (5,567,768)
Denominator:				
Weighted-average common shares outstanding	4,921,121	35,814,482	4,880,496	35,796,257
Net loss per share, basic and diluted	$ (0.66)	$ (0.10)	$ (1.34)	$ (0.16)

The following table summarizes the outstanding potentially dilutive securities that have been excluded in the calculation of diluted net loss per share because their inclusion would be anti-dilutive:

	At June 30,	
	2021	2022
Redeemable Preferred Stock	23,768,416	—
Common stock options	579,858	1,924,317
Potentially diluted securities	24,348,274	1,924,317

5. Fair Value of Financial Instruments

The carrying amount of the Company's financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, U.S. government-backed securities with maturity dates up to one year, accounts payable and accrued liabilities, approximate fair value due to their short-term maturities.

Money market funds included in cash and cash equivalents and U.S. government-backed securities are measured at fair value based on quoted prices in active markets, which are considered Level 1 inputs. No transfers between levels occurred during the periods presented. The following table presents the Company's assets which were measured at fair value at December 31, 2021 and June 30, 2022:

	At December 31, 2021:			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	$ 9,506,499	$ —	$ —	$ 9,506,499
Treasury bills	24,983,520	—	—	24,983,520
Treasury notes	9,922,300	—	—	9,922,300
Total	$ 44,412,319	$ —	$ —	$ 44,412,319

	At June 30, 2022:			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	$ 14,402,855	$ —	$ —	$ 14,402,855
Treasury bills	16,993,523	—	—	16,993,523
Treasury notes	9,703,120	—	—	9,703,120
Total	$ 41,099,498	$ —	$ —	$ 41,099,498

6. Income Taxes

The Company computes its quarterly income tax expense/(benefit) by using a forecasted annual effective tax rate and adjusts for any discrete items arising during the quarter. The Company did not have a provision for income taxes (current or deferred tax expense) as of December 31, 2021 and June 30, 2022. The Company will continue to maintain a 100% valuation allowance on total deferred tax assets. The Company believes it is more likely than not that the related deferred tax asset will not be realized. As a result, the Company's effective tax rate will remain at 0.00% because no items either estimated or discrete items would impact the tax provision.

7. Commitments and Contingencies

Operating Leases

The Company has operating leases for approximately 12,250 square feet of space located in Miramar, Florida. The leases have a two-year term which commenced on March 1, 2022 and will terminate on February 29, 2024. Upon the commencement of the leases, the Company used its incremental borrowing rate of 6.0% to determine the amounts to recognize for a ROU asset and a lease liability. There are no obligations under finance leases.

The components of the lease expense for the three months and six months ended June 30, 2022 were as follows:

	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
Operating lease cost	$ 42,413	$ 56,550

Supplemental cash flow information related to lease for the six months ended June 30, 2022 was as follows:

	For the Six Months Ended June 30, 2022
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows	$ 69,643
Right-of-use assets obtained in exchange for lease obligations:	
Operating lease	$ 50,545

As of June 30, 2022, the supplemental balance sheet information related to leases was as follows:

	As of June 30, 2022
Operating lease right-of-use assets	$ 268,298
Other current liabilities	$ 170,687
Operating lease liabilities, net of current portion	98,447
Total operating lease liabilities	$ 269,134

As of June 30, 2022, the remaining lease payments were as follows:

2022 (remaining 6 months)	$ 83,572
2023	171,322
2024	28,693
Total future minimum lease payments	$ 283,587

For the three months ended June 30, 2021 and 2022, rent expense recognized by the Company was $31,552 and $49,966 respectively, of which $14,623 and $25,149, respectively, is included in research and development in the accompanying condensed statements of operations. Certain comparative figures have been reclassified to conform to the current year presentation under Topic 842 for rent expense.

For the six months ended June 30, 2021 and 2022, rent expense recognized by the Company was $68,466 and $77,139, respectively, of which $34,790 and $32,834, respectively, is included in research and development in the accompanying condensed statements of operations. Certain comparative figures have been reclassified to conform to the current year presentation under Topic 842 for rent expense.

Contractual Commitments

The Company operates under the provisions of agreements with a third-party global contract development and manufacturer of biologics for the manufacture of the Company's proprietary molecules for use in clinical trials. At December 31, 2021, future payment obligations under such agreements were $2.5 million. At June 30, 2022, future payment obligations under such agreements were $4.1 million.

Legal

Management has no knowledge of any pending or unasserted claims against the Company.

Other

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States and the world. The spread of COVID-19 has caused significant volatility in the U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Company is unable to determine if it will have a material impact to its operations. The Company has encountered some delays in the commencement of clinical trials as a result of clinical sites experiencing COVID-related delays due to staffing shortages. In addition, the Company has encountered some delays in the completion of IND-enabling studies required by the Federal Drug Administration ("FDA") to support Investigational New Drug Applications ("IND") due to government-mandated measures taken as a result of COVID outbreaks.

8. Subsequent Events

Subsequent events have been evaluated through the date the financial statements were available to be issued. As of such date, there were no material subsequent events identified that required recognition or disclosure other than as disclosed below or in the footnotes herein.

On August 2, 2022, HCW Biologics was granted U.S. Patent No. 11,401,324 which contains claims for immunotherapeutic compounds comprised of a single-chain chimeric polypeptide with two target-binding domains on a scaffold made of an extracellular domain of human tissue factor.

On August 10, 2022, HCW Biologics committed to purchase a building located in Miramar, Florida for approximately $10.0 million, as the Company's new headquarters. The Company received a commitment for a five-year term facility to finance the purchase, expansion, and improvement of property. An initial takedown equal to 65% of the purchase price will be funded on the closing date which is expected to be on August 15, 2022. The term facility may be increased to provide additional funding for expansion and improvements of the property; however, future borrowings are subject to full credit approval and due diligence by the lender.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with (i) our unaudited condensed interim financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q (this "Quarterly Report on Form 10-Q")and (ii) our audited financial statements and related notes and the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the fiscal year ended December 31, 2021 included in the Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") on March 29, 2022. Our historical results are not necessarily indicative of the results that may be expected for any period in the future. Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to the "Company," "HCW Biologics," "we," "us" and "our" refer to HCW Biologics Inc.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical facts contained in this quarterly report, including statements regarding our future results of operations and financial position, business strategy, prospective products, product approvals, research and development costs, timing and likelihood of success, plans and objectives of management for future operations, adequacy of our cash resources and working capital, impact of COVID-19 pandemic on our research and development activities and business operations, and future results of anticipated products, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in this report in Part II, Item 1A -"Risk Factors," in our Annual Report on Form 10-K, elsewhere in this Quarterly Report on Form 10-Q and in other filings we make with the SEC from time to time. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. These forward-looking statements speak only as of the date hereof. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

Overview

HCW Biologics Inc. ("HCW Biologics," "HCW," the "Company," or "we") is a clinical-stage biopharmaceutical company focused on discovering and developing novel immunotherapies to lengthen health span by disrupting the link between chronic, low-grade inflammation and age-related diseases. We believe age-related, chronic, low-grade inflammation, or "inflammaging," is a significant contributing factor to several diseases and conditions, such as cancer, cardiovascular disease, diabetes, neurodegenerative diseases, and autoimmune diseases. The induction and retention of low-grade inflammation in an aging human body is mainly the result of the accumulation of non-proliferative but metabolically active senescent cells, which can also be caused by persistent activation of protein complexes, known as inflammasomes, in innate immune cells. These two elements share common mechanisms in promoting secretion of pro-inflammatory proteins and in many cases interact to drive senescence, and thus, inflammaging. Our novel approach is to eliminate senescent cells and the pro-inflammatory factors they secrete systemically through multiple pathways. We believe our approach has the potential to fundamentally change the treatment of age-related diseases.

Senescence is a physiologic process important in promoting wound healing, tissue homeostasis, regeneration, embryogenesis, fibrosis regulation, and tumorigenesis suppression. However, accumulation of senescent cells with a senescence-associated pro-inflammatory factors has been implicated as a major source of chronic sterile inflammation leading to many aging-related pathologies. Subcutaneous administration of our lead drug candidate, HCW9218, activates Natural Killer ("NK") cells, innate lymphoid group-1, and $CD8^+$ T cells, and neutralizes transforming growth factor beta ("TGF-β"). This bifunctionality gives HCW9218 the ability to reduce senescent cells, that is function as a senolytic, as well as eliminate senescence-associated pro-inflammatory factors, that is function as a senomorphic. As a result, HCW9218 has the ability to lower chronic inflammation and restore tissue homeostasis. HCW9218 reached the clinical stage of its development in the first half of 2022, with the initiation of a

Phase 1 clinical trial by the Masonic Cancer Center to evaluate HCW9218 in the treatment of solid tumor cancers that progressed after standard-of-care treatment. The Company intends to open a Phase 1b clinical trial to evaluate HCW9218 in patients with advanced pancreatic cancer in the third quarter of 2022. We have cleared IRB review and most internal procedures at several National Cancer Institute ("NCI") designated Comprehensive Cancer Centers identified as clinical sites. As a result of COVID-related delays due to staffing shortages at clinical sites, we were unable to commence this trial earlier in the year. In both of these studies in solid tumor cancers, we will be gathering additional data to obtain insights for future phases of clinical trials, such as the level of immune system reaction to HCW9218 and incidence of mucosal bleeding caused by the HCW9218 TGF-β trap. In addition, we expect that the human data from these two clinical trials in cancer will guide future development of HCW9218 for other age-related pathologies. We believe that HCW9218 may represent a new class of safe and effective senolytic and senomorphic drugs for the treatment of a broad range of inflammaging indications, including cancer, metabolic dysfunctions, fibrosis-related pathologies, as well as neuro-inflammation and neurodegenerative diseases.

HCW9302 is another lead drug candidate which is designed to activate and expand regulatory T ("T_{reg}") cells to reduce senescence by suppressing the activity of inflammasome-bearing cells and the inflammatory factors which they secrete. This molecule is a single-chain, IL-2-based fusion protein. Preclinical studies in mouse models have demonstrated the ability of HCW9302 to expand and activate T_{reg} cells and reduce inflammation-related diseases, supporting the potential of HCW9302 to treat a wide variety of autoimmune and proinflammatory diseases, such as atherosclerosis. IND-enabling activities are currently in progress, but due to COVID-related delays, the completion date for toxicology studies required by the Federal Drug Administration ("FDA") for an Investigational New Drug Application ("IND") is expected to extend to the first half of 2023. If we are successful in completing IND-enabling activities and have no further delays in the expected schedule, we continue to plan to file an IND to obtain approval from the FDA for a Phase 1b/2 clinical trial to evaluate HCW9302 in an autoimmune disorder in the first half of 2023.

Recent Developments

- On May 19, 2022, the Masonic Cancer Center, University of Minnesota, announced that they opened a new Phase 1 solid tumor cancer clinical trial and treated their first patient with HCW9218, an injectable, bifunctional immunotherapeutic, developed by HCW Biologics Inc. This Phase 1, first-in-human clinical trial is enrolling patients that have advanced solid tumors with progressive disease after prior chemotherapies.
- On August 2, 2022, HCW Biologics was granted U.S. Patent No. 11,401,324 which contains claims for immunotherapeutic compounds comprised of a single-chain chimeric polypeptide with two target-binding domains on a scaffold made of an extracellular domain of human tissue factor. This patent provides protection for the underlying intellectual property on which the Company has based its lead product candidate, HCW9302. HCW Biologics has created an extensive patent portfolio with multiple families of patent applications that are directed to the TOBI™ discovery platform technology and its single-chain and multi-chain chimeric polypeptides as well as methods of use of these polypeptides alone and in combination. This is the first U.S. patent issued of the Company's 72 patent applications filed worldwide.
- On August 10, 2022, HCW Biologics committed to purchase a 36,000 square foot building located in Miramar, Florida for approximately $10.0 million, as the Company's new headquarters. The Company received a commitment for a five-year term facility to finance the purchase, expansion, and improvement of the new location. An initial takedown equal to 65% of the purchase price will be funded on the closing date which is expected to be on August 15, 2022. The term facility may be increased to provide additional funding for expansion and improvements of the property, however, future borrowings are subject to full credit approval and due diligence by the lender.

Trends and Uncertainties – COVID-19 Pandemic

The spread of COVID-19 and its numerous variants has caused significant volatility in the U.S. and international markets since March 2020. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, we are unable to determine how long it will impact our operations and if it will have a material impact over time.

The extent to which the COVID-19 or outbreaks of its variants may affect our IND-enabling activities, clinical trials, business, financial condition, and results of operations will depend on future developments, which are highly uncertain and cannot be predicted at this time, such as the potential spread of the vaccine/treatment-resistant disease, the duration of the outbreaks, travel restrictions, and actions to contain the outbreaks or treat their impact, such as social distancing and quarantines or lock-downs in the United States and other countries, business closures, or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the disease. Future developments in these and other areas present material uncertainty and risk with respect to our clinical trials, IND-enabling activities, buildout of our new headquarters, business, financial condition, and results of operations.

Components of our Results of Operation

Revenues

We have no products approved for commercial sale and have not generated any revenue from commercial product sales of internally-developed immunotherapeutic products for the treatment of cancer and other age-related diseases. Our total revenues to date have been generated principally from our Wugen License and MSA with Wugen. See Note 1 to our condensed interim financial statements appearing elsewhere in this Quarterly Report on Form 10-Q for these definitions and more information.

We derive revenue from a license agreement granting rights to Wugen to further develop and commercialize products based on two of our proprietary molecules. Consideration under our contract included a nonrefundable upfront payment, development, regulatory and commercial milestones, and royalties based on net sales of approved products. Additionally, HCW Biologics retained manufacturing rights and has agreed to provide Wugen with clinical and research grade materials for clinical development and commercialization of licensed products under separate agreements. We assessed which activities in the Wugen License should be considered distinct performance obligations that should be accounted for separately. We develop assumptions that require judgement to determine whether the license to our intellectual property is distinct from the research and development services or participation in activities under the Wugen License.

Performance obligations relating to the granting a license and delivery of licensed product and R&D know-how were satisfied when transferred upon the execution of the Wugen License on December 24, 2020. The Company recognized revenue for the related consideration at a point in time. The revenues recognized from for a transaction to supply clinical and research grade materials entered into under the MSA and covered by a SOW, represents one performance obligation that is satisfied over time. The Company recognizes revenue generated for supply of material for clinical development using an input method based on the costs incurred relative to the total expected cost, which determines the extent of the Company's progress toward completion.

Operating Expenses

Our operating expenses are reported as research and development expenses and general and administrative expenses.

Research and Development

Our research and development expenses consist primarily of costs incurred for the development of our product candidates, which include:

- Employee-related expenses, including salaries, benefits, and stock-based compensation expense.
- Expenses related to manufacturing and materials, consisting primarily of expenses incurred primarily in connection with third-party contract manufacturing organizations (“CMO”), which produce cGMP materials for clinical trials on our behalf.
- Expenses associated with preclinical activities, including research and development and other IND-enabling activities.
- Expenses incurred in connection with clinical trials.
- Other expenses, such as facilities-related expenses, direct depreciation costs for capitalized scientific equipment, and allocation for overhead.

We expense research and development costs as they are incurred. Costs for contract manufacturing are recognized based on an evaluation of the progress to completion of specific tasks using information provided to us by our vendors. Payments for these activities are based on the terms of the agreement, and the pattern of payments for goods and services will change depending on the material. Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses and expensed as the related goods are delivered or the services are performed.

We expect research and development expenses to increase substantially for the foreseeable future as we continue the development of our product candidates. We cannot reasonably determine the nature, timing, and costs of the efforts that will be necessary to complete the development of, and obtain regulatory approval for, any of our product candidates. Product candidates in later stages of development generally have higher development costs than those in earlier stages. See "Risk Factors -- Risks Related to the Development and Clinical Testing of Our Product Candidates," in our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC for a discussion of some of the risks and uncertainties associated with the development and commercialization of our product candidates. Any changes in the outcome of any of these risks and uncertainties with respect to the development of our product candidates in preclinical and clinical development could mean a significant change in the costs and timing associated with the development of these product candidates. For example, if the FDA or another regulatory authority were to delay our planned start of clinical trials or require us to conduct clinical trials or other testing beyond those that we currently expect or if we experience significant delays in enrollment in any of our planned clinical trials, we could be required to expend significant additional financial resources and time on the completion of clinical development of that product candidate.

General and Administrative Expenses

General and administrative expenses consist primarily of employee-related expenses, including salaries, related benefits, and stock-based compensation expense for employees in the executive, legal, finance and accounting, human resources, and other administrative functions. General and administrative expenses also include third-party costs such as insurance costs, fees for professional services, such as legal, auditing and tax services, facilities administrative costs, and other expenses.

We expect that our general and administrative expenses will be higher in the foreseeable future. We anticipate increased expenses relating to our operations as a public company, including increased costs for the hiring of additional personnel, and for payment to outside consultants, including lawyers and accountants, to comply with additional regulations, corporate governance, internal control and similar requirements applicable to public companies, as well as increased costs for insurance.

Interest and Other Income (Loss), Net

Interest and other income, net consists of interest earned on our cash, cash equivalents, unrealized gains and losses related to our investments in U.S. government-backed securities, other income related to non-operating activities, and other non-operating expenses.

Results of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2022	2021	2022
Revenues:				
Revenues	$ —	$ 454,000	$ —	$ 3,571,545
Cost of revenues	—	(287,200)	—	(1,615,276)
Net revenues	—	166,800	—	1,956,269
Operating expenses:				
Research and development	1,673,163	1,969,882	4,002,976	3,759,558
General and administrative	1,077,830	1,707,995	2,160,190	3,588,597
Total operating expenses	2,750,993	3,677,877	6,163,166	7,348,155
Loss from operations	(2,750,993)	(3,511,077)	(6,163,166)	(5,391,886)
Interest and other income (loss), net	631	516	568,808	(175,882)
Net loss	**$ (2,750,362)**	**$ (3,510,561)**	**$ (5,594,358)**	**$ (5,567,768)**

Comparison of the Three Months ended June 30, 2021 and June 30, 2022

Revenues

On June 18, 2021, the Company entered into a MSA with Wugen for the supply of materials for clinical development of licensed products. The terms set forth in the MSA were not sufficient to meet all the requirements for the Company to determine that a contract exists. In order for a contract to exist, additional terms are needed that must be set forth in a SOW. Until March 14, 2022, the Company has not entered into any SOWs for transactions to supply Wugen with clinical and research grade materials, and all amounts received for such transactions were recorded as deferred revenue. On March 14, 2022, the Company entered into SOWs with Wugen for each of the then-current and historical purchases of clinical and research grade materials under the MSA. As a result, the Company determined that all requirements were met for these transactions to qualify as contracts under Topic 606. As of June 30, 2021, the Company did not recognize any revenue for supply of clinical and research grade materials, since we did not have a contract in place. For the three months ended June 30, 2022, the Company recognized $454,000 of revenues in the unaudited condensed statement of operation that appears elsewhere in this Quarterly Report.

For any transactions to supply materials for clinical development for which a SOW has not been finalized, revenue is not recognized because one or more of the criteria for revenue recognition has not been met, in which case, the Company records deferred revenue. There were $696,625 of short-term deferred revenues as of June 30, 2021. As of June 30, 2022, there were $314,625 of short-term deferred revenues included within Accrued liabilities and other current liabilities on the audited condensed balance sheet that appears elsewhere in this Quarterly Report.

Research and Development Expenses

The following table summarizes our research and development expenses for the three months ended June 30, 2021 and June 30, 2022:

	Three Months Ended June 30,			
	2021	2022	$ Change	% Change
Salaries, benefits and related expenses	$ 775,782	$ 802,033	$ 26,251	3%
Manufacturing and materials	313,402	304,329	(9,073)	(3)%
Preclinical expenses	318,595	599,520	280,925	88%
Clinical trials	107,587	83,939	(23,648)	(22)%
Other expenses	157,797	180,061	22,264	14%
Total research and development expenses	**$ 1,673,163**	**$ 1,969,882**	**$ 296,719**	18%

Research and development expenses increased $296,719, or 18%, from $1.7 million for the three months ended June 30, 2021 to $2.0 million for the three months ended June 30, 2022. This increase was primarily due to an increase in preclinical expenses.

Salaries, benefits, and related expenses increased by $26,251, or 3%, from $775,782 for the three months ended June 30, 2021 to $802,033 for the three months ended June 30, 2022. This increase was primarily attributable to an $88,222 increase in salaries and wages , a $29,242 increase in health insurance costs, and a $12,319 increase in compensation expense related to stock-based compensation. These increases were partially offset by a reimbursement from Wugen for certain expenses incurred under the terms of the Wugen License that was $94,667 greater for the three months ended June 30, 2022 versus the comparable period in 2021.

Manufacturing and materials expense decreased by $9,073, or 3%, from $313,402 for the three months ended June 30, 2021 to $304,329 for the three months ended June 30, 2022. In the three months ended June 30, 2021, manufacturing activities focused on our lead molecules, HCW9218 and HCW9302. For HCW9218, we finalized a 200L GMP run as well as initiated the fill/finish process and final testing for product release for clinical trials. For HCW9302, we initiated master cell bank production and completed a scale-up run of GMP materials. In the three months ended June 30, 2022, costs were primarily from the initiation of a 1000L GMP run for HCW9218. Looking ahead for the remainder of 2022, costs are expected to be primarily associated with several procedures required to finalize production of HCW9302, including GMP process closeout through finalization of reports, fill/finish activities, as well as drug substance and drug product release testing. In addition, we will complete the 1000L GMP manufacturing run and fill/finish activities for HCW9218 that was initiated in the second quarter of 2022.

Expenses associated with preclinical activities increased by $280,925, or 88%, from $318,595 for the three months ended June 30, 2021 to $599,520 for the three months ended June 30, 2022. In the three months ended June 30, 2021, expenses were related primarily to the cost of toxicology studies and experimental materials for IND-enabling activities required to prepare our IND for clinical trials to evaluate HCW9218 in difficult-to-treat solid tumor cancers. In the three months ended June 30, 2022, expenses were related primarily to the cost of toxicology studies and experimental materials related to IND-enabling activities required to prepare our IND for clinical trials to evaluate HCW9302 in an autoimmune indication, alopecia areata.

Expenses associated with clinical activities decreased by $23,648, or 22%, from $107,587 for the three months ended June 30, 2021 to $83,939 for the three months ended June 30, 2022. We anticipate expenses related to clinical activities will increase substantially in the future. HCW9218, our lead drug candidate, entered clinical stage in the first half of 2022, upon the initiation of an Investigator-sponsored Phase 1 clinical trial at the Masonic Cancer Center, University of Minnesota for a dose escalation study of HCW9218 as a monotherapy in solid tumors, such as breast, ovarian, prostate and colorectal cancers. The trial is designed to identify the maximum tolerated dose for future evaluation. Depending on the toxicities observed in the treated patients, between 12 and 24 patients may be enrolled. For a Company-sponsored pancreatic study, we plan to enroll up to 24 patients in several NCI-designated Comprehensive Cancer Centers, with the primary objectives of the study being to determine safety, maximum tolerated dose, and the recommended Phase 2 dose. We anticipate patient enrollment for this trial to commence in the third quarter of 2022. Due to COVID-related delays at the clinical sites we identified to participate in this trial, we were unable to initiate the pancreatic clinical trials earlier in the year. In both of these studies, we will be gathering additional data to obtain further insights for future phases of clinical trials, such as immune system reaction to HCW9218 and incidence of mucosal bleeding caused by the HCW9218 TGF-β trap.

Other expenses, which include overhead allocations, increased by $22,264, or 14%, from $157,797 for the three months ended June 30, 2021 to $180,061 for the three months ended June 30, 2022. The increase in other expenses were primarily attributable to an increase of $21,248 in travel and travel-related activities to attend scientific conferences.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the three months ended June 30, 2021 and June 30, 2022:

	Three Months Ended June 30,			
	2021	2022	$ Change	% Change
Salaries, benefits and related expenses	$ 611,008	$ 743,842	$ 132,834	22%
Professional services	274,875	287,199	12,324	4%
Facilities and office expenses	67,691	113,254	45,563	67%
Depreciation	61,083	16,940	(44,143)	(72)%
Rent expense	24,823	35,298	10,475	42%
Other expenses	38,350	511,462	473,112	NM
Total general and administrative expenses	**$ 1,077,830**	**$ 1,707,995**	**$ 630,165**	58%

NM - Not meaningful.

General and administrative expenses increased $630,165, or 58%, from $1.1 million for the three months ended June 30, 2021 to $1.7 million for the three months ended June 30, 2022. This increase was primarily due to an increase of $473,112 in other expenses resulting from increased insurance costs associated with being a public company. There was also an increase of $132,834 in salaries, benefits and related expenses as a result of stock-based compensation expense associated with an equity award to the CEO upon completion of the IPO and an increase for Board compensation under our non-employee director compensation program, which was more than offset by a decrease of $195,750 in performance bonuses for the same period. Facilities and office expenses increased by $45,563, or 67%, primarily due to an increase in software license fees. Depreciation decreased by $44,143 primarily due to a decrease of $27,382 in amortization for leasehold improvements and a decrease of $14,128 for accretion of issuance costs.

Comparison of the Six Months ended June 30, 2021 and June 30, 2022

Revenues

There was no revenue for the six months ended June 30, 2021. For the six months ended June 30, 2022, the Company recognized $3.6 million of revenues in the unaudited statements of operations included elsewhere in this Quarterly Report. All revenues were generated under the MSA with Wugen. Revenue was recognized for all transactions made under the MSA for which the Company entered SOWs, since we determined that all requirements were met for the related transactions to qualify as a contract under Topic 606.

For those transactions for which revenues were not recognized because one or more of the criteria for revenue recognition had not been met under Topic 606, the Company recorded deferred revenue. There were $696,625 of short-term deferred revenues as of June 30, 2021, and $314,625 of short-term deferred revenues as of June 30, 2022 included within Accrued liabilities and other current liabilities.

Research and Development Expenses

The following table summarizes our research and development expenses for the six months ended June 30, 2021 and June 30, 2022:

	Six Months Ended June 30,			
	2021	2022	$ Change	% Change
Salaries, benefits and related expenses	$ 1,472,753	$ 1,574,981	$ 102,228	7%
Manufacturing and materials	1,075,454	521,957	(553,497)	(51)%
Preclinical expenses	994,937	1,112,637	117,700	12%
Clinical trials	157,552	194,716	37,164	24%
Other expenses	302,280	355,267	52,987	18%
Total research and development expenses	**$ 4,002,976**	**$ 3,759,558**	**$ (243,418)**	(6)%

Research and development expenses decreased $243,418, or 6%, from $4.0 million for the six months ended June 30, 2021 to $3.8 million for the six months ended June 30, 2022. This decrease was primarily due to a $553,497 decrease in manufacturing and materials expenses and offset by a $117,700 increase in preclinical expenses.

Salaries, benefits, and related expenses increased by $102,228, or 7%, from $1.5 million for the six months ended June 30, 2021 to $1.6 million for the six months ended June 30, 2022. This increase was primarily attributable to a $156,035 increase in salaries and wages, a $42,084 increase in health insurance costs, and an increase of $21,556 in compensation expense related to stock-based compensation. These increases were partially offset by a reimbursement from Wugen for certain expenses incurred under the terms of the Wugen License that was $110,000 greater for the six months ended June 30, 2022 versus the comparable period in 2021.

Manufacturing and materials expense decreased by $553,497, or 51%, from $1.1million for the six months ended June 30, 2021 to $521,957 for the six months ended June 30, 2022. Manufacturing and materials expenses in the six months ended June 30, 2021 resulted from activities related to establishing master cell banks for several molecules, effecting a technology transfer to our contract manufacturer required for internally-developed manufacturing processes, and successfully completing multiple cGMP production runs for our molecules. For HCW9218, we successfully completed cGMP manufacturing runs in multiple quantities and initiated the fill/finish process and testing for product release. For HCW9302, we had initiated master cell bank production and completed a scale-up run of cGMP-grade material. In the six months ended June 30, 2022, costs were primarily from HCW9302 technology transfer and development process closeout through finalization of reports and the project initiation. In addition, we initiated a 1000L GMP run for HCW9218.

Expenses associated with preclinical activities increased by $117,700, or 12%, from $1.0 million for the six months ended June 30, 2021 to $1.1 million for the six months ended June 30, 2022. In the six months ended June 30, 2021, expenses were related primarily to the cost of toxicology studies and experimental materials for IND-enabling activities required to prepare our IND for clinical trials to evaluate HCW9218 in difficult-to-treat solid tumor cancers. In the six months ended June 30, 2022, expenses were related primarily to the cost of toxicology studies and experimental materials related to IND-enabling activities required to prepare our IND for clinical trials to evaluate HCW9302 in an autoimmune indication, alopecia areata.

Expenses associated with clinical activities increased $37,164, or 24%, from $157,552 for the six months ended June 30, 2021 to $194,716 for the six months ended June 30, 2022. We anticipate expenses related to clinical activities will increase substantially in the future. HCW9218, our lead drug candidate, entered clinical stage in the first half of 2022, upon the initiation of an Investigator-sponsored Phase 1 clinical trial at the Masonic Cancer Center, University of Minnesota for a dose escalation study of HCW9218 as a monotherapy in solid tumors, such as breast, ovarian, prostate and colorectal cancers. The trial is designed as a dose escalation study of HCW9218 to identify the maximum tolerated dose for future evaluation. Depending on the toxicities observed in the treated patients, between 12 and 24 patients may be enrolled. We anticipate patient enrollment for a Company-sponsored Phase 1b clinical trial to evaluate HCW9218 in advanced pancreatic cancer to commence in the third quarter of 2022. For the pancreatic study, we plan to enroll up to 24 patients in several NCI-designated Comprehensive Cancer Centers, with the primary objectives of the study being to determine safety, maximum tolerated dose, and the recommended Phase 2 dose. We anticipate patient enrollment for this trial to commence in the third quarter of 2022. Due to COVID-related delays at the NCI-designated Comprehensive Cancer Centers we identified as clinical sites to participate in this trial, we were unable to initiate the pancreatic clinical trials earlier in the year. In both of these studies, we will be gathering additional data to obtain further insights for future phases of clinical trials, such as immune system reaction to HCW9218 and incidence of mucosal bleeding caused by the HCW9218 TGF-β trap.

Other expenses, which include overhead allocations, increased by $52,987, or 18%, from $302,280 for the six months ended June 30, 2021 to $355,367 for the six months ended June 30, 2022. The increase in other expenses is due primarily attributable to an increase of $28,681 in travel and travel-related activities to attend scientific conferences and an increase of $16,878 in building repairs and maintenance.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the six months ended June 30, 2021 and June 30, 2022:

	Six Months Ended June 30,			
	2021	2022	$ Change	% Change
Salaries, benefits and related expenses	$ 1,110,230	$ 1,458,128	$ 347,898	31%
Professional services	668,501	746,363	77,862	12%
Facilities and office expenses	127,415	213,933	86,518	68%
Depreciation	127,725	52,545	(75,180)	(59)%
Rent expense	49,818	65,277	15,459	31%
Other expenses	76,501	1,052,351	975,850	NM
Total general and administrative expenses	**$ 2,160,190**	**$ 3,588,597**	**$ 1,428,407**	66%

NM - Not meaningful

General and administrative expenses increased $1.4 million, or 66%, from $2.2 million for the six months ended June 30, 2021 to $3.6 million for the six months ended June 30, 2022. The increase was primarily due to an increase of $61,936 in salaries, benefits and related expenses, an increase of $499,909 related to stock-based compensation expense associated with an equity award to the CEO upon completion of the IPO, and an increase of $83,214 for Board compensation under our non-employee director compensation program offset by a reduction in performance bonuses.

Professional services increased $77,862 or 12%, from $668,501 for the six months ended June 30, 2021 to $746,363 for the six months ended June 30, 2022, primarily due to a $169,138 increase for corporate legal services, a $117,082 increase in expenses for other professional services, such as auditing, and a $93,156 increase in other consulting services, such as investor relations advisory services. These increases were partially offset by a decrease of $301,514 in fees for legal services related to patent filings. Other expenses increased by $1.0 million, from $76,501 for the six months ended June 30, 2021 to $1.1 million for the six months ended June 30, 2022. The increase is primarily due to an increase in insurance costs associated with being a public company.

Liquidity and Capital Resources

Sources of Liquidity

The Company closed an IPO on July 22, 2021, resulting in net proceeds of approximately $49.2 million, after deducting underwriting discounts and commissions and offering expenses paid by the Company. As of June 30, 2022, we had cash and cash equivalents of $15.4 million, short-term investments in U.S. government-backed securities of $17.0 million, and long-term investments in U.S. government-backed securities of $9.7 million.

On August 10, 2022, HCW Biologics committed to purchase a 36,000 square foot building located in Miramar, Florida for approximately $10.0 million, as the Company's new headquarters. The Company received a commitment for a five-year term facility for the purchase, expansion, and improvement of the property, secured by the building. An initial takedown equal to 65% of the purchase price will be funded on the closing date which is expected to be on August 15, 2022. Amounts borrowed under the term facility have a fixed interest rate of 5.75%, with interest only payments required for the first year and 25-year amortization thereafter. The term facility may be increased to provide additional funding for expansion and improvements of the property; however, future borrowings are subject to full credit approval and due diligence by the lender. With our remaining IPO proceeds and the financing commitment for the purchase of the Company's new headquarters, we estimate we have adequate capital to fund operations and complete of the buildout of our new headquarters to the end of 2023.

We have based our projections of operation expenses requirements on assumptions that may prove to be incorrect, and we may use all of our available capital sooner than we expect. Because of the numerous risks and uncertainties associated with the clinical development and commercialization of immunotherapeutics, we are unable to estimate the exact amount of capital requirements to pursue these activities. Our funding requirements will depend on many factors, including, but not limited to:

- timing, progress, costs, and results of our ongoing preclinical studies and clinical trials of our immunotherapeutic products;
- impact of COVID-19 on the timing and progress of our IND-enabling activities, clinical trials and our ability to identify and enroll patients;
- costs, timing, and outcome of regulatory review of our product candidates;
- number of trials required for regulatory approval;
- whether we enter into any collaboration or co-development agreements and the terms of such agreements;
- effect of competing technology and market developments;
- cost of maintaining, expanding, and enforcing our intellectual property rights;
- cost and timing of buildout of new headquarters, including risks of cost overruns and delays, and ability to obtain additional bank financing under existing term facility, if needed; and
- costs and timing of future commercialization activities, including product manufacturing, marketing, sales, and distribution, for any of our product candidates for which we receive regulatory approval.

A change in the outcome of any of these or other factors with respect to the clinical development and commercialization of our product candidates could significantly change the costs and timing associated with the development of that product candidate. Further, our operating plan may change, and we may need additional funds to meet operational needs and capital requirements for clinical trials and other research and development expenditures.

Comparison of the Cash Flows for the Six Months Ended June 30, 2021 and June 30, 2022

The following table summarizes our cash flows for the six months ended June 30, 2021 and June 30, 2022:

	Six Months Ended June 30,	
	2021	2022
Cash used in operating activities	$ (2,480,242)	$ (4,281,998)
Cash (used in) provided by investing activities	(23,279)	7,963,379
Cash (used in) provided by financing activities	(901,462)	8,273
Net (decrease) increase in cash and cash equivalents	**$ (3,404,983)**	**$ 3,689,654**

Operating Activities

Net cash used in operating activities were $2.5 million for the six months ended June 30, 2021 and $4.3 million for the six months ended June 30, 2022, respectively.

Cash used in operating activities for the six months ended June 30, 2021 consisted primarily of a net loss of $5.6 million, as well as $567,311 from extinguishment of debt and $563,436 resulting from an increase in prepaid expenses and other assets. These were offset by cash provided from operating activities resulting from a $2.5 million decrease in accounts receivable, a $1.5 million increase in accounts payable, and a noncash adjustment of $323,897 primarily related to depreciation and amortization. The decrease in accounts receivable reflects collection of the $2.5 million cash payment due from Wugen under the terms of the Wugen License. The increase in accounts payable and other liabilities reflects the costs related to our IPO.

Cash used in operating activities for the six months ended June 30, 2022 consisted primarily of a net loss of $5.6 million, as well as $1.5 million of cash used in operations, resulting from a $1.3 million decrease in accounts payable and other liabilities and a $213,934 increase in accounts receivable. Cash provided by operations consisted primarily of $1.9 million arising from a decrease in prepaid expenses and other assets and adjustments for noncash charges, including $292,363 for depreciation and amortization and $531,683 for compensation expense related to stock-based compensation.

Investing Activities

Cash used in investing activities for the six months ended June 30, 2021 consisted of purchase of scientific lab equipment and general office equipment.

Cash provided by investing activities for the six months ended June 30, 2022, consisted of $8.0 million of cash provided when short-term investments reached maturity, offset by $36,461 of cash used to purchase equipment.

Financing Activities

During the six months ended June 30, 2021, cash provided by financing activities resulted from the issuance of common stock upon exercise of vested employee stock options, partially offset by offering costs associated with our IPO. During the six months ended June 30, 2022, cash provided by financing activities is due to issuance of common stock upon exercise of vested employee stock options.

Critical Accounting Policies, Significant Judgements and Use of Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our unaudited condensed interim financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgements and estimates.

Revenue Recognition

We recognize revenue under the guidance of Topic 606. To determine the appropriate amount of revenue to be recognized for arrangements determined to be within the scope of Topic 606, we perform the following five steps: (i) identification of the contract(s) with the customer, (ii) identification of the promised goods or services in the contract and determination of whether the promised goods or services are performance obligations, (iii) measurement of the transaction price, (iv) allocation of the transaction price to the performance obligations, and (v) recognition of revenue when (or as) we satisfy each performance obligation. We only apply the five-step model to contracts when it is probable that we will collect the consideration we are entitled to in exchange for the goods or services we transfer to our customer.

See Note 1 to our condensed interim financial statements appearing elsewhere in this Quarterly Report on Form 10-Q for more information.

Other than the above, there have been no material changes to our critical accounting policies and estimates from those described under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations— Critical Accounting Policies, Significant Judgements and Use of Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the SEC on March 29, 2022.

Recent Accounting Pronouncements

See Note 1 to our unaudited condensed interim financial statements appearing elsewhere in this Quarterly Report for more information about recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk related to changes in interest rates. On July 22, 2021, we closed our IPO and invested our proceeds in U.S. Treasury securities. As of June 30, 2022, we had cash and cash equivalents of $15.4 million, short-term investments in U.S. government-backed securities of $17.0 million, and long-term investments in U.S. government-backed securities of $9.7 million. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. We are exposed to market risk related to the marketability of our Wugen common stock reported within Investments in the accompanying condensed balance sheet. Until such time as these shares become publicly traded, we will have limited access to liquidity for these securities.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended or the Exchange Act, is recorded, communicated to our management to allow timely decisions regarding required disclosure, summarized and reported within the time periods specified in the SEC's rules and forms. Any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgement in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of our management, including the Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, we conducted an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of June 30, 2022. Based on that evaluation, the CEO and CFO have concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the three months ended June 30, 2022, which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be involved in litigation relating to claims arising out of our operations. We are not currently a party to any material legal proceedings. We may, however, be involved in material legal proceedings in the future. Such matters are subject to uncertainty and there can be no assurance that such legal proceedings will not have a material adverse effect on our business, results of operations, financial position or cash flows.

Item 1A. Risk Factors.

There have been no material changes to the risk factors previously disclosed by us in our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on March 29, 2022. The risk factors included in the Form 10-K continue to apply to us and describe risks and uncertainties that could cause actual results to differ materially from the results expressed or implied by the forward-looking statements contained in this Quarterly Report on Form 10-Q. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business, financial condition and results of operations.

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

Unregistered Sales of Equity Securities

None.

Issuer Repurchases of Equity Securities

None.

Use of Proceeds

Through June 30, 2022, we have used approximately $7.1 million of the net proceeds from our IPO. There has been no material change in the use of proceeds described in the final prospectus filed by us with the SEC on July 21, 2021.

Item 3. Defaults Upon Senior Securities.

Not Applicable.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The exhibits filed or furnished as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index, which Exhibit Index is incorporated herein by reference.

Exhibit Number	Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
10.1**†	Purchase and Sale Agreement, by and between HCW Biologics Inc. and Wai 3300Corporate Way, LLC, dated May 27, 2022.				X
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) the Condensed Balance Sheets as of December 31, 2021 and June 30, 2022 (unaudited); (ii) the Condensed Statements of Operations for the three months and six months ended June 30, 2021 (unaudited) and June 30, 2022 (unaudited); (iv) the Condensed Statements of Stockholders' Equity for the three and six months ended June 30, 2021 (unaudited) and June 30, 2022 (unaudited); (v) the Condensed Statements of Cash Flows for the six months ended June 30, 2021 (unaudited) and June 30, 2022 (unaudited); and (vi) the notes to the Condensed Financial Statements (unaudited).				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				X

* This certification is deemed not filed for purpose of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

* The exhibits and schedules to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant agrees to furnish supplementally copies of any such exhibits and schedules to the SEC upon request.

† Certain information in this document has been excluded pursuant to Item 601(b)(10) of Regulation S-K. Such excluded information is not material and would likely cause competitive harm to the Registrant if publicly disclosed. The Registrant agrees to furnish supplementally such information to the SEC upon request.

SIGNATURES

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

HCW Biologics Inc.

Date: August 12, 2022

By: /s/ Hing C. Wong
Hing C. Wong
Chief Executive Officer
(Principal Executive Officer)

Date: August 12, 2022

By: /s/ Rebecca Byam
Rebecca Byam
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 10.1

CERTAIN INFORMATION IDENTIFIED BY BRACKETED ASTERISKS ([***]) HAS BEEN OMITTED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED

PURCHASE AND SALE AGREEMENT

between

WAI 3300 CORPORATE WAY, LLC

and

HCW BIOLOGICS INC.

dated as of

May 27 , 2022

PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "Agreement"), dated as of **May** 27 **2022,** is entered into between WAI 3300 CORPORATE WAY, LLC, a Florida limited liability company ("Seller"), and HCW BIOLOGICS INC., a Delaware corporation and/or assigns **("Buyer").**

For and in consideration of the sum of [***] ($[***]), the mutual covenants and agreements herein set forth and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, for the price and on the terms and conditions herein set forth, all of Seller's right, title and interest in and to the Property.

Section 1.Definitions and References.

The following terms, as used in this Agreement, have the following meanings and references unless the context is inconsistent therewith:

(a)"Additional Deposit" means [***] ($[***]).

(b)"Affiliate" with respect to any Person, means (i) any person who, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the specified Person, (ii) any person who is an officer of, partner in or trustee of, or serves in a similar capacity with respect to, the specified Person or of which the specified Person is an officer, partner or trustee, or with respect to which the specified Person serves in a similar capacity, or (iii) any Person who, directly or indirectly, is the beneficial owner of more than twenty-five percent (25%) of any class of equity securities of, or otherwise has a substantial beneficial interest in, the specified Person or of which the specified Person is directly or indirectly the owner of more than twenty-five percent (25%) of any class of equity securities or in which the specified Person has a substantial beneficial interest.

(c)"Agreement" means this Purchase and Sale Agreement together with all exhibits, schedules, and amendments thereto, and as the same may be amended, supplemented or otherwise modified from time to time.

(d)"Agreement Date" means the first date upon which this Agreement has been executed by both Seller and Buyer, and evidence of such execution has been delivered to both Seller and Buyer.

(e)"Broker" is defined in Section 10 hereof.

(f)"Business Day" shall mean any day, other than a Saturday, a Sunday or a day on which banks located in Broward County, Florida are authorized or required by applicable law to close.

(g)"Buyer" is defined in the Preamble hereof.

(h)"City" means the City of Miramar, Florida.

(i)"Closing" means the consummation of the sale and conveyance of the Property by or on behalf of Seller to Buyer and payment of the Purchase Price by Buyer to Seller, pursuant to Section 9 hereof.

(j)"Closing Date" means the date upon which the Closing occurs, as set forth in Section 9.1 hereof.

(k)"Contracts" means the contracts, agreements, and equipment or personal property leases whether oral (other than Leases) or written, affecting the Property (excluding, however, Seller's national purchasing agreements as described as such on Schedule 1(k)), and all amendments thereto, described in Schedule 1(k).

(1) "County" means Broward County, a political subdivision of the State of Florida.

(m)"Deed" is defined in Section 9.3(a) hereof.

(n)"Deposits" means the Initial Deposit and the Additional Deposit.

(o)"Escrow Agent" means [***].

(p)"Hazardous Substances" means (i) those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances" or "solid waste" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601 et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §6901 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §1801 et seq., or the Clean Water Act, 33 U.S.C. §1321 et seq., and in the regulations promulgated pursuant thereto; (ii) those substances listed in the United States Department of Transportation Table (49 CFR §172.101) or by the Environmental Protection Agency as "hazardous substances," (iii) such other substances, materials and wastes which are regulated, or classified as hazardous or toxic, under applicable local, state or federal law or regulations, and (iv) any material, waste or substance which is or contains petroleum, asbestos, polychlorinated biphenyls, flammable explosives or radioactive materials.

(q)"Herein" or "hereof' means this entire Agreement rather than just the sentence, paragraph or section in which used.

(r)"Improvements" means all buildings, structures and other improvements existing upon the Land.

(s)"Including," "include" or "includes" mean including as an example, without limiting the generality of the description.

(t)"Initial Deposit" means [***] ($[***]).

(u)"[***]" is defined in Section 7.1 hereof.

(v)"Inspection Period" is defined in Section 7.1 hereof.

(w)"Inspection Termination Date" is defined in Section 7.1 hereof.

(x)"Intangible Personal Property" means all of Seller's interest in all intangible rights, entitlements and interests (including those which are commonly referred to as "Business Good Will") applicable to the business operations conducted upon the Real Property.

(y)"Land" means the real property described on Exhibit A, together with all tenements, hereditaments, easements, privileges, reversions, remainders and other rights and appurtenances belonging or in any manner appertaining thereto, including all reversionary interests in and to any adjoining or abutting rights-of-way and all riparian, littoral and other water rights.

(z)"Leases" means the leases for the use or occupancy of portions of the Real Property in which Seller is the lessor, described in Schedule 1(z).

(aa) "Permitted Exceptions" means those conditions of title to the Real Property for which exception is made in Schedule B-II of the Title Commitment as the same exists on the Inspection Termination Date, including those described on Schedule 1(aa).

(bb) "Person" means any individual, partnership, joint venture, firm, corporation, limited liability company, association, trust or other enterprise, or any government or political subdivision or any agency, department or instrumentality thereof.

(cc) "Personalty" means the Tangible Personal Property and Intangible Personal Property.

(dd) "Property" means Seller's right, title and interest in and to the Real Property, Personally, Contracts and Leases.

(ee) "Purchase Price" is defined in Section 2.1 hereof.

(ff) "Real Property" means the Land and the Improvements.

(gg) "Rent Roll" is defined in Section 4.4 hereof

(hh) "Required Assumed Contracts" is defined in Section 6.3 hereof.

(ii) "Seller" is defined in the Preamble hereof.

"Seller's Knowledge" means the actual present knowledge of [***], CEO of Seller without any duty to review or investigate, the matters to which such knowledge, or the absence thereof, pertains and with no imputed knowledge whatsoever, whether from any partner, officer, director, member, shareholder or employee of Seller. [***] shall not have personal liability arising out of any representations or warranties made herein.

(kk) "Survey" means the survey of the Real Property prepared by the Surveyor in accordance with the ALTA/ACSM Standards.

(11) "Surveyor" means Terranova Surveyors, Inc.

(mm) "Tangible Personal Property" means property used exclusively in connection with the Property, including the appliances, furniture, fixtures, and equipment and inventory and supplies described in a schedule attached hereto as Schedule 1(mm), along with any spare parts related thereto, and to the extent owned by Seller and assignable, data processing hardware (but excluding the proprietary accounting software system and all computer hardware and software located outside of the Real Property), fuel and equipment inventories, all of the fixtures, furnishings, appliances, and equipment owned by Seller and located on the Land, and materials owned by Seller and used in connection with maintenance of the Property grounds, office supplies, cleaning supplies, paper products and all other tangible personal property and inventory owned by Seller and used in the conduct of the Property operations. All items of Tangible Personal Property shall be sold, transferred and conveyed in "AS IS," "WHERE IS" and "WITH ALL FAULTS" condition on the Closing Date without any representation or warranty by Seller, either express or implied, as to the physical condition of such Tangible Personal Property.

(nn) "Termination Notice" is defined in Section 7.4 hereof.

(oo) "Title Agent" means Mercedes M. Sellek, PA, by which the Title Commitment and Title Policy will be issued.

(pp) "Title Commitment" means the commitment, issued or to be issued to Buyer by the Underwriter with respect to the Real Property, as set forth in Section 3.1 hereof, which will include copies of all matters for which exception is made in Schedule B-II thereof.

(qq) "Title Cure Period" is defined in Section 3.1 hereof.

(rr) "Title Defect" is defined in Section 3.1 hereof.

(ss) "Title Notice" is defined in Section 3.1 hereof.

(tt) "Title Policy" means the Owner's title insurance policy to be issued to Buyer by the Underwriter pursuant to the Title Commitment, subject only to the Permitted Exceptions.

(uu) "Underwriter" means WFG National Title Insurance Company, or another nationally recognized title insurer reasonably acceptable to Buyer, for and upon whom the Title Commitment and Title Policy are to be issued.

Section 2. Purchase Price and Terms of Payment.

2.1 Purchase Price. The purchase price for the Property (the "Purchase Price") will be the amount of Ten million dollars ($10,000,000.00).

2.2 Terms of Payment. The Purchase Price will be paid as follows:

(a)Within [***] ([***]) [***] of the Agreement Date, Buyer will deliver the Initial Deposit to Escrow Agent, and on the expiration of the Inspection Period, unless Buyer elects to terminate this Agreement as set forth in Section 7.4, Buyer will deliver the Additional Deposit to Escrow Agent, at which point the Deposits will become non-refundable unless there is a Seller Default as defined in Section 11, below; and

(b)the balance of the Purchase Price, subject to the prorations and adjustments for which provision is made in Section 9.5 hereof, will be paid by Buyer to Seller, through the Title Agent, by federal wire transfer of immediately available funds at the time of Closing.

The Deposits will be held by Escrow Agent in a non-interest-bearing account, with an institution the deposits in which are insured by the Federal Deposit Insurance Corporation, and disbursed in accordance with this Agreement, and interest accruing thereon will constitute part of the Deposits. Subject to and in accordance with the terms of this Agreement, the Initial Deposit once deposited, and the Additional Deposit will be deemed earned by Seller on the Inspection Termination Date and will be nonrefundable if Seller has not received (or deemed to have received) from Buyer a Termination Notice pursuant to Section 7.4 hereof, and at Closing will be paid to Seller and credited to Buyer against the Purchase Price. If Seller has timely received from Buyer a Termination Notice pursuant to Section 7.4 hereof, then the Deposits will not be deemed earned by Seller, and the Initial Deposit, and any interest accrued thereon, shall be immediately returned and delivered to Buyer.

Section 3. Title Evidence.

3.1 Issuance, Examination, Objection and Cure. Buyer will have until the Inspection Termination Date to obtain and review the Title Commitment, Survey and lien searches and to notify Seller in writing (a **"Title Notice")** of any condition of Seller's title to the Real Property which are unacceptable to Buyer (collectively, the **"Title Defects").** Buyer's failure to timely notify Seller of any Title Defects conclusively will be deemed an acceptance and approval of Seller's title to the Real Property, including all Title Defects. Seller will provide notice to Buyer within [***] ([***]) [***]after receipt of a Title Notice, whether Seller intends to endeavor to cure or remove any Title Defect(s) during the period prior to Closing **("Tide Cure Period").** If Seller fails or elects not to correct any Title Defects (other than a Mandatory Cure Item) within the Title Cure Period, or if any Title Defect other than Mandatory Cure Item arises after the Inspection Termination Date and prior to Closing and Seller is unable or elects not to remove such Title Defect, Buyer may, as its only option in such event, either (i) terminate this Agreement by written notice to Seller prior to Closing, in which event Escrow Agent will immediately return the Deposits to Buyer and this Agreement will be null and void of no further force or effect except with respect to the Inspection Indemnity, or (ii) waive the uncured Title Defect and proceed hereunder without adjustment to the Purchase Price. Notwithstanding anything to the contrary contained herein, Seller shall, prior to Closing, satisfy any mortgage or other financing document placed on the Property **("Mandatory Cure Items").**

3.2 Title Affidavit. At Closing, Seller shall deliver to Title Agent a title affidavit and gap indemnity to permit the Title Agent to delete the standard ALTA exceptions and the "gap exception" each in a form which is reasonably acceptable to Title Agent and Seller.

Section 4. Seller's Representations and Warranties.

As of the date of this Agreement, Seller hereby represents and warrants to Buyer as follows:

4.1 Organization and Standing of Seller. Seller (i) is a limited liability company duly organized and validly existing under the laws of the State of Florida; (ii) has all requisite limited liability

company power and authority to own its properties and assets and to carry on its business as now being conducted; and (iii) has full limited liability company power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby, including the execution, delivery and performance of each of the documents required to be delivered by Seller to Buyer pursuant to this Agreement, and any and all other documents or instruments necessary or desirable to the consummation hereof.

4.2 Due Execution and Performance. This Agreement has been, and the Deed of conveyance and all other documents, instruments and agreements required to be delivered by Seller pursuant to or in connection with this Agreement shall be when executed and delivered, duly authorized, executed and delivered by Seller and constitute the legal, valid and binding obligations of Seller enforceable in accordance with their respective terms. Neither the execution, delivery or performance of this Agreement, or any document, instrument or agreement required to be delivered by Seller pursuant hereto, nor the consummation of the transactions contemplated hereby, is prohibited by, or requires Seller to obtain the consent, approval or authorization of, or notice to or filing or registration with, any Person.

4.3 Absence of Seller Conflicts. The execution and delivery by Seller of this Agreement and the performance by Seller of its obligations hereunder do not and will not (i) conflict with any provision of the limited liability company agreement or other governing documents of Seller; or (ii) to Seller's Knowledge, conflict with, or result in a material breach of, or a material default or a violation under, any contract, agreement or arrangement to which Seller is a party or any statute, decree, judgment, regulation, order or rule of any governmental authority having jurisdiction over Seller or the Property.

4.4 Rent Roll. Seller has no Knowledge of any space leases, occupancy licenses or other occupancy agreements to which Seller is a party or is bound affecting any portion of the Real Property that will be binding upon Buyer after the Closing, other than (i) the Leases described on Schedule 1(z) (the **"Rent Roll")** and (ii) the leases, licenses, and other occupancy agreements relating to the Real Property that are entered into by Seller after the Agreement Date in accordance with this Agreement, if any.

4.5 Compliance. Seller has not received any written notice from any governmental authority of any violation of any governmental regulation, law or rule concerning the Property or the operation of the Property that has not previously been corrected.

4.6 Litigation. To Seller's Knowledge there is no pending, and Seller has received no written notice of any threatened, litigation or condemnation action against the Property or against Seller with respect to the Property.

4.7 All of the representations and warranties made in this Section 4 are true, correct, and complete in all material respects as of the Effective Date, and same shall not merge with the Deed for a period of three (3) months after the Closing. Seller shall deliver a certificate at Closing to Buyer confirming that the representations and warranties set forth in this Section 4 remain true and correct as of the Closing Date **("Seller's Closing Certificate").**

Section 5. Buyer's Representations and Warranties.

As of the date of this Agreement, Buyer hereby represents and warrants to Seller as follows:

5.1 Organization and Standing of Buyer. Buyer (i) is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business in all jurisdictions in which the conduct of its business requires such qualification; (ii) has all requisite corporate power and authority to own its properties and assets and to carry on its business as now

being conducted; and (iii) has full corporate power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby, including the execution, delivery and performance of each of the documents required to be delivered by Buyer to Seller pursuant to this Agreement, and any and all other documents or instruments necessary or desirable to the consummation hereof.

5.2 Due Execution and Performance. This Agreement has been, and all documents, instruments and agreements required to be delivered by Buyer pursuant to or in connection with this Agreement will be when executed and delivered, duly authorized, executed and delivered by Buyer and constitute the legal, valid and binding obligations of Buyer enforceable in accordance with their respective terms, subject only to general principles of equity, bankruptcy, insolvency or similar laws affecting enforcement of creditors' rights generally as the same may be applicable to any insolvency of Buyer or Seller. Neither the execution, delivery or performance of this Agreement, or any document, instrument or agreement required to be delivered by Buyer pursuant hereto, nor the consummation of the transactions contemplated hereby, is prohibited by, or requires Buyer to obtain the consent, approval or authorization of, or notice to or filing or registration with, any Person.

5.3 Absence of Buyer Conflicts. The execution and delivery by Buyer of this Agreement and the performance by Buyer of its obligations hereunder do not and will not (i) conflict with any provision of the Buyer's governing documents; or (ii) to the best of Buyer's knowledge, conflict with, or result in a breach of or a default or violation under, any contract, agreement or arrangement to which Buyer is a party or any statute, decree, judgment, regulation, order or rule of any governmental authority having jurisdiction over Buyer or the Property.

5.4 No Survival. Except as otherwise provided in this Agreement, no representations, warranties, covenants, or other obligations of Buyer set forth in this Agreement shall survive the Closing hereunder and no action based thereon shall be commenced after the Closing.

Section 6. Covenants of Seller.

Seller hereby warrants to and covenants with Buyer that:

6.1 Governmental Notices. Prior to Closing, in the event that Seller receives any written notice from the County or any other governmental or quasi-governmental authority having jurisdiction over the Real Property of a violation or alleged violation of any statute, law, ordinance, rule, permit, regulation or agreement governing the ownership, planning, development, construction, occupancy, use or maintenance of any portion of the Real Property, or of any permit, approval or authorization issued in connection therewith or of any contemplated or pending investigation with respect thereto, Seller promptly will deliver a copy of such notice to Buyer.

6.2 Operation of the Real Property. From and after the Agreement Date, Seller will cause the Property to be operated substantially in accordance with Seller's past customary operating practices and procedures, subject only to the following:

(a) Seller will not, from and after the Inspection Termination Date:

(i) sell or otherwise dispose of any significant items of Personalty unless replaced with an item of like value, quality and utility; or (ii) enter into any service, maintenance, landscaping, repair, or other similar contract or agreement relating to the Property (except for those entered into in the ordinary course of business and which can be canceled upon not more than [***] ([***]) [***] prior notice or in the event of a sale of the Property); without the prior written consent of Buyer,

which consent may be withheld by Buyer only on the grounds of material adverse effect on the economics or the quality of the operation of the Property.

(b)Seller may at any time without Buyer's consent cancel or accept a surrender or forfeiture of any of the Lease(s). Seller shall not, from the Agreement Date, extend or renew any of the Lease(s) without Buyer's consent;

(c)Seller shall not, from the Agreement Date, enter into any new leases of the Property; and

(d)Anything set forth in this Section 6.2 to the contrary notwithstanding, Seller reserves the right at any time and from time to time during the Inspection Period to terminate Leases for defaults by tenants and to institute and prosecute available remedies for default thereunder, including, but not limited to, applying the security deposit of such defaulting tenant to cure such default, except that Seller agrees before instituting any such proceedings to notify Buyer in writing; provided, however, that Seller will not be required to obtain the consent of Buyer. In the event that Buyer does not elect to terminate this Agreement pursuant to Section 7.4 hereof, then from and after the Inspection Termination Date, Seller agrees not to terminate any Leases or institute any such proceedings without the prior written consent of Buyer, which consent or approval will not be unreasonably withheld, conditioned or delayed and conclusively will be deemed given in the event that Buyer fails to deliver its written consent, approval or rejection (with reasons therefor in reasonable detail) to Seller within [***] ([***]) Business Days after Seller's delivery of notice thereof to Buyer.

6.3 Contracts. At Closing Seller will assign and transfer all of its right, title and interest in and to the Contracts to Buyer, including the Contracts set forth on Schedule 6.3 (the **"Required Assumed Contracts"),** but not including those in respect of which Buyer, prior to the end of the Inspection Period, elects by written notice to Seller not to assume, which Seller will terminate the same on Closing to the extent terminable. Notwithstanding anything to the contrary contained herein, Seller shall not be required to terminate the Required Assumed Contracts unless Buyer pays any fees and termination costs due upon termination thereof.

Section 7. Inspection Period.

7.1 Inspection Period. During the period which is [***] ([***]) days after the Effective Date (the **"Inspection Period")** which shall terminate at 5:00 P.M., on **August 10**, 2022 (the **"Inspection Termination Date"),** Buyer shall have the right to inspect and evaluate [***].

7.1.1 In the event Buyer completes its inspections prior to the Inspection Termination Date, Buyer agrees to give notice to Seller and terminate the Inspection Period earlier and closing shall proceed as set forth in Section 9, hereof.

7.2 Insurance. Buyer shall at all times maintain commercial general liability insurance coverage providing liability limits of not less than $[***] per occurrence with respect to bodily and personal injury, death and property damage and $[***] in the aggregate. At least [***] ([***]) [***] prior to performing any inspections of the Property, Buyer, at its sole cost and expense, will furnish to Seller an ACORD 27 or ACORD 28 form certificate of insurance issued by or on behalf of an insurance company authorized to do business in the State of Florida and such other evidence of insurance, including, without limitation, copies of any such insurance policies with all endorsements, which insurance company must have

a Best rating of B+ VII or higher, and which certificate of insurance will evidence the following insurance coverages for Buyer and Seller, naming Seller as an additional named insured: commercial general liability insurance coverage providing liability limits of not less than $[***] per occurrence with respect to bodily and personal injury, death and property damage and $[***] in the aggregate.

Seller makes no warranty or representation as to the accuracy or completeness of any information or documentation provided to Buyer pursuant to this Section 7.

7.3 Termination by Buyer. Buyer will have the right, which may be exercised by delivering written notice to Seller any time prior to the Inspection Termination Date, to terminate this Agreement for any reason whatsoever, in the sole and absolute discretion of the Buyer **("Termination Notice").** If Buyer fails to deliver such Termination Notice on or prior to the Inspection Termination Date, [***].

7.4 Condition of Property. Buyer acknowledges that, during the Inspection Period, Buyer will perform such studies, inspections, examinations, investigations, and evaluations of the Property as Buyer, in Buyer's discretion, deems necessary or appropriate. Buyer represents to Seller that Buyer is a sophisticated purchaser and that except for the limited representations of Seller specifically set forth in Section 4, Buyer will rely solely upon such studies, inspections, examinations, investigations and evaluations in purchasing the Property. Unless otherwise expressly stated herein, Seller makes no representation or warranty as to the truth, accuracy or completeness of any materials, data or information delivered by Seller to Buyer in connection with the transaction contemplated hereby. Buyer acknowledges and agrees that any materials, data and information prepared by third parties unaffiliated with Seller and delivered by Seller to Buyer in connection with the transaction which is the subject of this Agreement are provided to Buyer as a convenience only and that any reliance on or use of such materials, data or information by Buyer is at the sole risk of Buyer. Without limiting the generality of the foregoing, Buyer acknowledges and agrees that (a) any environmental or other report with respect to the Property which is delivered by Seller to Buyer is for general informational purposes only, (b) Buyer will not have any right of action against Seller with respect to any such report delivered by Seller to Buyer, (c) neither Seller nor any Affiliate of Seller will have any liability to Buyer for any inaccuracy in or omission from any such report, and (d) Seller does not represent or warrant the truth, accuracy or completeness of any such reports or any written or verbal statement made by Seller's agents relating thereto. Moreover, Buyer acknowledges that Seller makes and will make no representation or warranty concerning environmental conditions heretofore, now or hereafter existing on properties adjoining or proximate to the Property or the current zoning of the Property. To the contrary, Buyer acknowledges and agrees that this information is provided to Buyer by Seller merely as an accommodation, that Buyer relies upon it at its own risk, and that Seller has advised Buyer to make, and understands that Buyer has made or will make, its own full and complete investigations concerning the Property. Notwithstanding anything in this Agreement, it is expressly understood and agreed that Buyer is acquiring the Property [***]. Except for the representations or warranties of the Seller specifically set forth in Section 4 of this Agreement, Seller is not liable or bound in any manner by any warranties, either expressed or implied, guaranties, or any promises, statements, representations or information pertaining to the Property or the value thereof made or furnished by any broker or any real estate agent, broker, employee, servant or other person representing or purporting to represent Seller.

Section 8. Conditions Precedent to Closing.

8.1 Buyer Conditions. The obligation of Buyer to close the transaction which is the subject of this Agreement is subject to the fulfillment as of the Closing Date of each of the following conditions, unless any unfulfilled condition is waived in writing by Buyer:

(a) Correctness of Seller's Representations and Warranties. Each of the representations and warranties of Seller set forth in this Agreement will have been true and complete in all material respects when made and will be true and

correct in all material respects on the Closing Date as if made at and as of the Closing Date.

(b)Compliance by Seller with Agreement. Seller shall have performed and complied in all material respects with all agreements, undertakings and obligations which are required to be performed by Seller or by which Seller is required to comply at or prior to the Closing.

(c)Document Deliveries. Seller shall deliver at Closing all documents and other items specified in Section 9.3 hereof.

8.2 Seller Conditions. The obligation of Seller to close the transaction which is the subject of this Agreement is subject to the fulfillment as of the Closing Date of each of the following conditions, unless any unfulfilled condition is waived in writing by Seller:

(a)Correctness of Buyer's Representations and Warranties. Each of the representations and warranties of Buyer set forth in this Agreement will have been true and complete in all material respects when made and will be true and correct in all material respects on the Closing Date as if made at and as of the Closing Date.

(b)Compliance by Buyer with Agreement. Buyer will have performed and complied in all material respects with all agreements, undertakings and obligations which are required to be performed by Buyer or by which Buyer is required to comply at or prior to the Closing.

(c)Document Deliveries. Buyer will deliver at Closing all documents and other items specified in Section 9.4 hereof.

8.3 Failure of Condition(s). If any condition(s) precedent set forth in this Section 8 is not satisfied as of the date specified for satisfaction, the party whose obligation to close is conditioned thereon may either (a) waive satisfaction of such condition(s) and proceed to Closing or (b) declare the failure of such condition to be a default by the other party, and proceed in accordance with Section 11 hereof.

Section 9. Closing.

9.1 Time and Place. The Closing will take place commencing at [***] at the office of the Title Agent on or before [***] ([***]) [***] following the expiration of the Inspection Period or such place, time and date that the Parties mutually agree upon that is not more than [***] ([***]) after the expiration of the Inspection Period (the **"Closing Date")** and may be completed by a "mail-away, escrow" closing.

9.2 Closing Expenses. At or before Closing:

(a)Seller will pay the cost of (i) the title search; (ii) any costs associated with updating the title information for the Property and/or any costs incurred in connection with clearing title to the Property; (iii) recording any corrective instruments in connection with title; and (iv) the cost of Florida documentary stamp tax and any intangible taxes of the Deed of conveyance;

(b)Buyer will pay the cost of recording the conveyance documents and the premium for the owner Title Policy;

(c)Buyer will pay costs and expenses in connection with or related to any loan incurred by Buyer; for the avoidance of doubt, Buyer expressly agrees and acknowledges that Buyer's obligations to pay the Purchase Price and otherwise consummate the transactions contemplated hereby are not in any way conditioned upon Buyer's ability to obtain financing of any type or nature whatsoever, whether by way of debt financing or equity investment, or otherwise;

(d)Buyer will pay the cost of the updated Survey prepared by the Surveyor; and

(e)Buyer will pay any other closing expenses, including closing agent fees; provided, however that each party will pay any fees due to its respective attorneys or other consultants.

9.3 Seller Documents and/or Deliveries. At Closing, in addition to any other documents specifically required to be delivered or acts required to be done pursuant to this Agreement, Seller will deliver to Buyer, the following (all of which will be in form reasonably acceptable to Buyer):

(a)a warranty deed conveying title to the Real Property subject to the Permitted Exceptions in form and substance satisfactory to Seller and Buyer (the "Deed");

(b)certified copies of resolutions of the manager of Seller authorizing the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(c)a no lien, possession and gap affidavit dated as of the Closing Date, which (i) certifies that (A) the representations and warranties of Seller contained in this Agreement are true on and as of the Closing Date in all material respects with the same effect as if said representations and warranties were made on and as of the Closing Date; (B) to Seller's Knowledge there are no unpaid bills for labor, materials or services to the Land, and no labor, services or materials have been undertaken or supplied to the Land, by or upon order of Seller or its agents which could be the basis for any claims against the Land; and (C) to Seller's Knowledge no other Person other than Buyer has any right or claim to possession of the Land, and (ii) contains such other certifications and undertakings as are customarily required pursuant to the Title Commitment and which will allow the Title Agent to delete any requirements set forth in the Title Commitment, as well as schedule B-2 standard exceptions from the Title Commitment at Closing."";

(d)a certificate of Seller dated as of the Closing Date, certifying as to the incumbency of the Seller's manager executing the documents delivered pursuant to this Agreement;

(e)an affidavit complying with the provisions of Section 1445(b)(2) of the Internal Revenue Code of 1986, as amended, signed by an officer or other representative of Seller authorized to give such assurance stating, under penalty of perjury, Seller's United States taxpayer identification number and that Seller is not a foreign person as defined by I.R.C. Section 1445(0(3);

(f)a bill of sale with respect to the Personalty substantially in the form attached hereto as Form 9.3(f);

(g)the assignment and assumption of the Leases substantially in the form attached hereto as Form 9.3(g) ("Assignment of Leases");

(h)tenant estoppels from the current tenants confirming the status of their lease on a form attached hereto as Form 9.3 (h) ("Tenant Estoppels") ;

(i)the originals (or copies if originals are unavailable) of existing Leases and all tenant files, Contracts and files and records pertaining to the Property as are in Seller's possession; provided, that Buyer will make all originals available to Seller after Closing to the extent required by Seller in connection with accounting, taxation, litigation or other legal proceedings involving Seller's prior ownership of the Property;

(j)notices to the tenants of the sale of the Property and where to pay rent at the Property in such form as Seller and Buyer shall reasonably agree;

(k)the assignment and assumption of the Contracts substantially in the form attached hereto as Form 9.3(k) which shall assign the Required Assumed Contracts (subject to Section 7.3 hereof) and any other Contracts that Buyer has agreed to assume pursuant to the terms of this Agreement (the "Assignment of Contracts");

(1) originals (or copies if originals are unavailable) of all assignable governmental licenses, permits and approvals relating to the occupancy or use of the Property in the possession of Seller or Seller's current property manager;

(m)keys to the Property;

(n)the assignment of the Intangible Personal Property executed by Seller substantially in the form attached hereto as Form 9.3(n) ("Assignment of Intangible Property");

(o)Seller's Closing Certificate executed by Seller in accordance with Section 4; and

(p)a lease agreement entered into between Buyer and Seller, pursuant to which the Seller shall be granted a leaseback of a portion of the Property (the "Leaseback Agreement"), substantially in the form attached hereto as Schedule 9-3 (p).

9.4 Buyer Documents and/or Deliveries. At Closing, in addition to any documents or other items specifically required to be delivered or required to be done pursuant to this Agreement, Buyer will deliver or cause to be delivered to Seller and Seller will execute if applicable:

(a) the Purchase Price (including the Deposits which shall be credited towards the Purchase Price), by bank wire transfer of immediately available funds to an account held by Escrow Agent;

(b)certified copies of resolutions of the Board of Directors, Board of Managers or Member, as applicable, of Buyer authorizing the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, or an opinion of counsel reasonably acceptable to Seller evidencing the same;

(c)a certificate of the secretary or manager of Buyer dated as of the Closing Date, certifying that (i) the representations and warranties of Buyer contained in this Agreement are true on and as of the Closing Date in all material respects with the same effect as if said representations and warranties were made on and as of the Closing Date; and (ii) Buyer has substantially performed and complied with all agreements and conditions required by this Agreement to be performed or with which Buyer is required to have complied prior to or on the Closing Date;

(d)the Assignment of Leases;

(e)the Assignment of Contracts;

(f)the Assignment of Intangible Property; and

(g)the Leaseback Agreement.

9.5 Prorations. It is the overall intent of the parties that income and expenses of the Property shall be prorated as of the Closing Date with the intent that Seller will have the benefit of all accrued income, including all rents paid by tenants under the Leases **("Income")** and be responsible for all costs, liabilities, capital, operating and other expenses in relation to the Property through Closing Date, and Buyer will have the benefit of all Income accrued and be responsible for all costs, liabilities, capital, operating and other expenses in relation to the Property from and after the Closing Date. Ad valorem property taxes and other revenues and expenses of, and impounds, prepayments or deposits affecting or related to, the Property (including rents and other sums due under Leases as hereinafter set forth) will be prorated between Seller and Buyer as of the Closing Date, and any security deposits then held pursuant to Leases will be credited to Buyer. Ad valorem property taxes, with maximum allowable discount for early payment, will be prorated on the basis of actual taxes for the year of Closing, if known, or otherwise on the basis of ad valorem property taxes for the immediately preceding year (based upon the maximum discount allowed for early payment). Special assessment liens certified as fully determined and final, or for which the work has been completed, as of the Closing Date will be paid by Seller, and any other pending assessments will be assumed by Buyer.

Seller reserves the right to collect any past due rents and other payments and tenant reimbursements under the Leases applicable to Seller's period of ownership (collectively, **"Delinquent Tenant Payments")** and Buyer agrees to use commercially reasonable efforts to collect such Delinquent Tenant Payments and shall also reasonably cooperate with Seller, at no expense to Buyer, in Seller's efforts to collect such Delinquent Tenant Payments; provided, however, that Buyer shall not be required to commence any legal proceeding or similar proceeding against any delinquent Tenant to collect monies owed to Seller.

At the Closing, Buyer shall reimburse Seller for the amount of any transferable utility deposits which are transferred to or become the property of Buyer at Closing.

This Section 9.5 shall survive the Closing.

9.6 Execution and Delivery of Closing Statement. At Closing, in addition to any other documents required to be executed and delivered in counterparts by both parties, Seller and Buyer will execute and deliver to each other a closing statement accounting for sums adjusted or disbursed at Closing in a form which is reasonably acceptable to Seller and Buyer.

Section 10. Brokers.

Each party represents and warrants to the other that it has not consulted, dealt or negotiated with any person other than [***] (the **"Broker"),** to whom a [***] ([***]) commission is or could be due in connection with the sale of the Property to Buyer, or any other matter associated with this Agreement. Seller will pay all sums in full at Closing, if any, due to Broker in connection with this Agreement. Each party hereby agrees to indemnify and hold harmless the other from any losses, damages, costs, liabilities or expenses, including reasonable costs and attorneys' and paralegals' fees incurred in trial, appellate or post judgment proceedings, related to or arising out of any breach of the representations, warranties and agreements set forth in this Section 10. Anything to the contrary notwithstanding, the representations, warranties and agreements of this Section 10 will survive Closing of the transactions which are the subject of this Agreement and the delivery of the deed of conveyance, or any earlier termination of this Agreement.

Section 11. Default.

11.1 Buyer's Default.

(a) If, at or prior to Closing, Buyer fails or refuses to perform any of Buyer's obligations under this Agreement, and such refusal or failure continues for a period of [***] ([***]) [***]following Seller's written notice of such default by Buyer under this Agreement (and which [***] shall run concurrently with any cure period provided elsewhere in this Agreement), Seller will either (a) waive such default and proceed to Closing without adjustment to the Purchase Price; or (b) terminate this Agreement and receive a sum equal to the Deposits as agreed and liquidated damages (not as a penalty), it being agreed that in such event Seller's actual damages would be incapable of precise ascertainment; and thereafter this Agreement will be null and void and the parties hereto will have no further rights or obligations hereunder except with respect to the Inspection Indemnity or other provisions of this Agreement that expressly survive termination.

11.2 Seller's Default. If, at or prior to Closing, Seller fails or refuses to perform any of Seller's obligations under this Agreement and such refusal or failure continues for a period of [***] ([***]) [***] following Buyer's written notice of such default by Seller under this Agreement (and which [***] shall run concurrently with any cure period provided elsewhere in this Agreement), Buyer will either, as Buyer's sole and exclusive remedies (i) waive such default and proceed to Closing without adjustment to the Purchase Price; (ii) terminate this Agreement, in which event the Deposits will be returned to Buyer and this Agreement will be null and void and the parties hereto will have no further rights or obligations hereunder except with respect to the Inspection Indemnity; or (iii) seek specific performance of Seller's obligations under this Agreement (if specific performance is an available remedy). However, (iv) if based on Seller's actions, the remedy of specific performance is not available to Buyer, or (v) with respect to a breach by Seller under any of its representations, warranties, or obligations under this Agreement that survive termination of this Agreement or Closing; in addition to the Buyer's right to receive a refund of any Deposits (prior to Closing), Buyer may proceed at law or in equity to seek damages from Seller.

Notwithstanding anything herein to the contrary, in no event will Buyer be entitled to seek or receive, and Buyer hereby waives any right to seek or receive, consequential and/or punitive damages. For the avoidance of doubt, from and after Closing, Seller shall not be liable for any default which Buyer, its agents or advisors has actual knowledge of prior to Closing.

Section 12. Risk of Loss.

12.1 Casualty. Seller will bear all risk of loss occurring to or upon any material portion of the Real Property prior to conveyance thereof by Seller to Buyer pursuant to the terms of this Agreement. A portion of the Real Property will be deemed material if its replacement cost exceeds $[***] (collectively, a **"Material Casualty").** If the estimated cost of repair and restoration of such Material Casualty is greater than $[***] or the extent of the destruction or damage is greater than [***] ([***]) of the Improvements (in square feet), then Seller shall not be obligated to restore or repair the Improvements, and Buyer may elect either (i) to terminate this Agreement, whereupon the Deposits will be returned promptly to Buyer, this Agreement shall be cancelled and all rights, obligations and liabilities of the parties will terminate (except for any agreements of the parties that expressly survive termination of this Agreement); or (b) to close this Agreement in accordance with the terms hereof, without reduction of the Purchase Price and Seller shall assign to Buyer, all of Seller's rights in any proceeds of fire or casualty insurance payable with respect to the loss together with payment by Seller or credit to Buyer at Closing of the "deductible" under the terms of Seller's policy(s) or insurance; or if Seller is self-insured, Seller shall provide a credit against the Purchase Price at Closing of an amount calculated by an independent general contractor and independent appraiser to be the reasonable cost of repair and/or restoration. The parties agree to each choose a general contractor and appraiser and each of the general contractor and appraiser shall mutually choose a third-party general contractor and appraiser to assess the Material Casualty pursuant to this provision.

12.2 If the extent of the destruction or damage is less than or equal to a Material Casualty, then, Seller shall repair or replace the damaged or destroyed Improvements to the Property within [***] ([***]) [***] of the event of Material Casualty, and neither party shall have any right to terminate this Agreement. Closing of this transaction shall be extended for a reasonable time to permit Seller to restore and repair the damage. Seller shall promptly commence such actions as are reasonably necessary to effect such repair or restoration and after commencement diligently pursue completion. All work to repair a Material Casualty shall be done in a good and workmanlike manner in compliance with all building codes, applicable ordinances and with appropriate building permits.

12.3 Condemnation. In the event that any material portion of the Real Property is taken by eminent domain or condemnation proceeding prior to sale and conveyance thereof by Seller to Buyer and such taking materially and adversely affects the use or utility of the remainder of Real Property, Buyer may within [***] ([***]) [***] after Buyer receives written notice of such taking either (a) proceed to close notwithstanding the eminent domain or condemnation proceeding, in which event Seller will assign to Buyer its entire right, title and interest in and to any award, and the Purchase Price will not be reduced or (b) terminate this Agreement by delivering written notice of termination to Seller, whereupon the Deposits will be returned to Buyer and thereafter this Agreement will be null and void and the parties will have no further rights or obligations hereunder except with respect to the Inspection Indemnity. A taking of portion of the Property will be deemed to materially and adversely affect the use or utility of the remainder of the Property if it directly removes the ingress to and egress from the Property, results in the failure of the Property to remain in compliance with applicable laws in effect as of the Effective Date, and/or permanently severs utility lines to a portion of the Property. A portion of the Property will also be deemed material if such portion of the Property is valued in excess of $[***]. Seller agrees promptly to notify Buyer of any eminent domain or condemnation proceeding.

Section 13. Miscellaneous.

13.1 Litigation. In the event of any litigation between Seller and Buyer concerning the terms of this Agreement, the prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable attorneys' and paralegals' fees, incurred in trial, appellate, bankruptcy, and post judgment proceedings. The provisions of this Section 13.1 will survive Closing, expiration or termination of this Agreement.

13.2 Escrow Obligations of Escrow Agent. Seller and Buyer acknowledge that Escrow Agent undertakes hereunder to perform only such duties as are expressly set forth herein and no implied duties or obligations will be inferred against Escrow Agent. The Purchase Price, including the Deposits, will be held and disbursed by Escrow Agent as follows:

(a)Escrow Agent may (i) act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, (ii) assume the validity and accuracy of any statement or assertion contained in such a writing or instrument, and (iii) assume that any person purporting to give any writing, notice, advice or instruction in connection with the provisions hereof has been duly authorized to do so.

(b)Seller and Buyer agree, jointly and severally, to indemnify and hold harmless Escrow Agent from and against any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expenses, fees or charges of any character or nature whatsoever, which Escrow Agent may incur or with which it may be threatened solely by reason of its acting as escrow agent hereunder, except to the extent resulting from Escrow Agent's negligence, fraud or intentional misconduct; and in connection therewith, to indemnify Escrow Agent against any and all expenses, including reasonable attorneys' fees and the cost of defending any action, suit or proceedings or resisting any claim (including fees for services rendered by Escrow Agent's constituent attorneys and paralegals); provided, however, that if such expenses are incurred by Escrow Agent in connection with litigation between Seller and Buyer, the responsibility for indemnifying Escrow Agent for such expenses will belong solely to the non-prevailing party.

(c)Escrow Agent will not make any disbursement of the Purchase Price or Deposits (except at Closing) without giving written notice to the party which will not receive the disbursement at least [***] ([***]) [***] in advance of the disbursement. The failure of the party not receiving the disbursement to object to the disbursement by written notice to the other party and to the Escrow Agent will constitute binding acquiescence of such party to the disbursement. If there is any disagreement about the interpretation of this Agreement, or about the rights and obligations, or the propriety, of any action contemplated by Escrow Agent hereunder, Escrow Agent will file an action in interpleader to resolve such disagreement. Escrow Agent will be indemnified (by Seller or Buyer, whichever is the non-prevailing party) as set forth in the foregoing subsection (b) in connection with such interpleader action and will be fully protected in suspending all or a part of its activities under this Agreement until a final judgment in the interpleader action is received.

(d)Escrow Agent may consult with counsel of its own choice and will have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. Escrow Agent otherwise will not be liable for any mistakes of fact or error of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct or gross negligence.

(e)Escrow Agent may resign upon [***] ([***]) [***] written notice to Seller and Buyer, and if a successor escrow agent is not appointed within such fifteen (15) day period, Escrow Agent may petition a court of competent jurisdiction to name a successor or to resolve such disagreement, or alternatively may transfer the Deposits held by Escrow Agent to the registry of the local court of applicable jurisdiction at which point the Escrow Agent shall have no further responsibility under this Agreement.

(f)Seller acknowledges that Escrow Agent is counsel to the Buyer and Seller agrees that Escrow Agent shall not be precluded from representing the Buyer in the transactions contemplated by this Agreement and all matters arising hereunder.

13.3 Notices. Notices required or permitted to be given pursuant to the terms of this Agreement will be delivered in person or by electronic transmission (e-mail) provided that the transmission is completed no later than 5:00 P.M., eastern time, on a Business Day and the original also is sent via overnight courier or U.S. Mail, whereby delivery is deemed to have occurred at the end of the Business Day on which electronic transmission is completed or sent by certified mail, return receipt requested, postage prepaid, by recognized contract carrier providing signed receipt for delivery, and will be deemed delivered upon receipt or refusal of delivery. Notices will be delivered at the following addresses, subject to the right of any party to change the address at which it is to receive notice by written notice to the other party:

To Buyer:	HCW Biologics Inc. Address: 2929 North Commerce Parkway, Miramar, Florida 33025 Attn: Hing C. Wong, Chief Executive Officer Telephone: 954-842-2024 ext. 238 E-mail: hingwong@hcwbiologics.com
	And
	Attn: Nicole Valdivieso, Director, Legal Affairs Telephone: 954-842-2024 ext. 205 E-mail: nicolevaldivieso@hcwbiologics.com
with a copy to (which shall not constitute notice or service of process):	[***]

WAI 3300 Corporate Way, LLC
[***]

[***]

[***]

To Seller:
with a copy (which shall not constitute notice or service of process) to:
To Escrow Agent:

13.4 Integration and Severability. This Agreement and the attachments hereto set forth the entire understanding of Buyer and Seller with the respect to the matters which are the subject of this Agreement, superseding and/or incorporating all prior or contemporaneous oral or written agreements and may be changed, modified, or amended only by an instrument in writing executed by the party against whom the enforcement of any such change, modification or amendment is sought.

13.5 Successors and Assigns. This Agreement will inure to the benefit of and be binding upon, and is intended solely for the benefit of, the parties hereto, and their respective heirs, personal representatives, successors, parent and subsidiaries and assigns; and no third party, as further described in Section 13.12 hereof, will have any rights, privileges, or other beneficial interests herein or hereunder. Notwithstanding the foregoing, Buyer shall not assign this Agreement without the prior written consent of Seller, which consent may be withheld in Seller's sole and absolute discretion except to an Affiliate of Buyer, provided that Buyer shall not be released from its obligations under this Agreement.

13.6 Construction. Headings and similar structural elements set forth in this Agreement are intended for ease of reference only, and are not intended, and will not be construed, to reflect the intention of the parties or to affect the substance of this Agreement. This Agreement has been negotiated at arm's length between Seller and Buyer, each represented by legal counsel of its choice and having an ample opportunity to negotiate the form and substance hereof, and therefore in construing the provisions of this Agreement the parties will be deemed to have had equal roles in drafting.

13.7 Governing Law. This Agreement is governed by and will be construed in accordance with the laws of the State of Florida, without giving effect to its conflict of laws rules, and in the

event of any litigation concerning the terms of this Agreement, proper and exclusive venue shall be the Federal or state courts located in the County.

13.8 Invalid Provisions. In the event any term or provision of this Agreement is held illegal, unenforceable or inoperative as a matter of law, the remaining terms and provisions will not be affected thereby but will be valid and remain in force and effect, provided that the inoperative provisions are not essential to the interpretation or performance of this Agreement in accordance with the clear intent of the parties.

13.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which will constitute the same instrument; and delivery of signatures transmitted by facsimile will be sufficient to bind the signing party.

13.10 No Waiver of Default. No waiver by a party of any breach of this Agreement or of any warranty or representation hereunder by the other party will be deemed to be a waiver of any other breach by such other party (whether preceding or succeeding and whether or not of the same or similar nature), and no acceptance of payment or performance by a party after any breach by the other party will be deemed to be a waiver of any breach of this Agreement or of any representation or warranty hereunder by such other party, whether or not the first party knows of such breach at the time it accepts such payment or performance. No failure or delay by a party to exercise any right it may have by reason of the default of the other party will operate as a waiver of default or modification of this Agreement or will prevent the exercise of any right by the first party while the other party continues so to be in default.

13.11 Confidentiality. Buyer will keep in strict confidence all information obtained with respect to the Property pursuant to or in connection with this Agreement or any confidentiality agreement executed by Buyer related to the Property (including all terms and provisions of this Agreement, including the Purchase Price, all information obtained with respect to the tenants and other occupants of the Property, and all information obtained in connection with any inspections) until such time as the Closing is completed. Buyer agrees to instruct its agents, employees, advisers and consultants to comply with the provisions of this Section 13.11 and any confidentiality agreement executed in connection with the Property. Notwithstanding the foregoing, Buyer may disclose information obtained with respect to the Property prior to the Closing to its directors, bankers, advisors, attorneys, accountants, and agents so long as such parties agree in writing for Seller's benefit to keep the information confidential until such time as the Closing is completed. In addition, Buyer may disclose information prior to the Closing as may be required by law. If the purchase and sale of the Property contemplated hereby is not completed for any reason, Buyer will, upon request, promptly return to Seller all instruments and materials or copies of instruments and materials delivered by Seller, on Seller's behalf or paid for by Seller, and all documents related to the Property obtained by Buyer. The provisions of this Section 13.11 will survive any termination of this Agreement. Notwithstanding the obligations set forth in this Section 13.11, Seller acknowledges that Buyer is a publicly traded company and as such Buyer will be required to disclose Seller's Confidential Information and the terms of this Agreement to the extent such disclosure is reasonably necessary to comply with applicable laws, including regulations promulgated by applicable security exchanges.

13.12 Survival. The representations, warranties, covenants, agreements, and indemnities set forth in this Agreement shall not merge with the Deed but shall survive Closing for a period of three (3) months after the Closing. The foregoing three (3) month survival period is in lieu of (and there shall not be applicable) any other survival period provided under applicable law.

13.13 Recourse Limited; Survival.

(a)Notwithstanding anything to the contrary in this Agreement, neither any present or future constituent member in Seller nor any owner, officer, director, employee or agent of any corporation that is a constituent member in Seller will be personally liable, directly or indirectly, under or in connection with this Agreement, or any document, instrument or certificate securing or otherwise executed in connection with this Agreement, or any amendments or modifications to any of the foregoing made at any time or times, heretofore or hereafter, or in respect of any matter, condition, injury or loss related to this Agreement or the Property; and Buyer and each its successors and assignees waives any such personal liability. For purposes of this Agreement, and any such instruments and certificates, and any such amendments or modifications thereto, neither the negative capital account of any constituent member in Seller, nor any obligation of any constituent member in Seller to restore a negative capital account or to contribute capital to Seller or to any other constituent member in Seller, will at any time be deemed to be the property or any asset of Seller or any such other constituent member (and neither Buyer nor any of its successors or assignees will have any right to collect enforce or proceed against or with respect to any such negative capital account or a constituent member's obligation to restore or contribute). As used in this Section 13.12, a "constituent member" in Seller means any direct member in Seller and any person that is a member, shareholder and/or partner in any entity that, directly or indirectly through one of more other entities, is a member in Seller. Notwithstanding anything herein to the contrary, in no event shall this Section 13.12 be deemed to be a limitation of Seller's liability under this Agreement.

(b)Notwithstanding anything to the contrary in this Agreement, neither any present or future constituent member in Buyer nor any owner, officer, director, employee or agent of any corporation that is a constituent member in Buyer will be personally liable, directly or indirectly, under or in connection with this Agreement, or any document, instrument or certificate securing or otherwise executed in connection with this Agreement, or any amendments or modifications to any of the foregoing made at any time or times, heretofore or hereafter, or in respect of any matter, condition, injury or loss related to this Agreement or the Property; and Seller and each its successors and assignees waives any such personal liability. For purposes of this Agreement, and any such instruments and certificates, and any such amendments or modifications thereto, neither the negative capital account of any constituent member in Buyer, nor any obligation of any constituent member in Buyer to restore a negative capital account or to contribute capital to Buyer or to any other constituent member in Buyer, will at any time be deemed to be the property or any asset of Buyer or any such other constituent member (and neither Seller nor any of its successors or assignees will have any right to collect enforce or proceed against or with respect to any such negative capital account or a constituent member's obligation to restore or contribute). As used in this Section 13.12, a "constituent member" in Buyer means any direct member in Buyer and any person that is a member, shareholder and/or partner in any entity that, directly or indirectly through one of more other entities, is a member in Buyer. Notwithstanding anything herein to the contrary, in no event shall this Section 13.12 be deemed to be a limitation of Buyer's liability under this Agreement.

(c)Seller's representations, warranties and covenants set forth in this Agreement will be inapplicable and ineffective to the extent that Buyer has actual knowledge of facts or information contrary to such representations, warrants or covenants as of the Closing Date. Buyer's representations, warranties and covenants set forth in this Agreement will be inapplicable and ineffective to the extent that Seller has actual knowledge of facts or information contrary to such representations, warrants or covenants as of the Closing Date.

13.14 Business Day. If any date herein set forth for the performance of any obligations by Seller or for the delivery of any instrument or notice as herein provided should be on a day other than a Business Day, the compliance with such obligations or delivery will be deemed acceptable on the next occurring Business Day.

13.15 Recordation. This Agreement will not be recorded in any public records, and such recording would constitute a default by Buyer subject to Section 11.1 hereof; provided, however, that as Buyer is a public company, it may disclose or record this Agreement only to the extent such disclosure or recording is reasonably necessary to comply with applicable laws, including regulations promulgated by applicable security exchanges.

13.16 Jury Waiver. IN ANY CIVIL ACTION, COUNTERCLAIM OR PROCEEDING, WHETHER AT LAW OR IN EQUITY, WHICH ARISES OUT OF, CONCERNS, OR RELATES TO THIS AGREEMENT, AND ANY AND ALL TRANSACTIONS CONTEMPLATED HEREUNDER, THE PERFORMANCE HEREOF, OR THE RELATIONSHIP CREATED HEREBY, WHETHER SOUNDING IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE, TRIAL WILL BE TO A COURT OF COMPETENT JURISDICTION AND NOT TO A JURY. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY. ANY PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO OF THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. SUCH FILING SHALL NOT CONSTITUTE A RECORDING OF THIS AGREEMENT FOR PURPOSES OF SUBSECTION 13.15 HEREIN. NEITHER PARTY HAS MADE OR RELIED UPON ANY ORAL REPRESENTATIONS TO OR BY ANY OTHER PARTY REGARDING THE ENFORCEABILITY OF THIS PROVISION. EACH PARTY HAS READ AND UNDERSTANDS THE EFFECT OF THIS JURY WAIVER PROVISION.

13.17 Announcements. Seller and Buyer will consult with each other with regard to all press releases and other announcements issued at or prior to the Closing concerning this Agreement or the transactions contemplated hereby, and except as may be required by applicable laws or the applicable rules and regulations or any governmental agency or stock exchange, neither Seller nor Buyer will issue any such press release or other such publicity without the prior written consent of the other party which shall not be unreasonably withheld, conditioned or delayed.

13.18 Attorneys' Fees; Income and Capital Gains Taxes.

(a)Seller and Buyer each acknowledge that: (i) they have been represented by independent counsel in connection with this Agreement; (ii) they have executed this Agreement with the advice of such counsel and (iii) this Agreement is the result of negotiations between the parties hereto and the advice and assistance of their respective counsel.

(b)Each Party to this Agreement shall be responsible for all costs it incurs in connection with the preparation, review and negotiation of this

Agreement and the transactions and the Closing contemplated by this Agreement, including any attorneys' or consultants' fees. In addition, each Party is responsible for its own income taxes and capital gains taxes resulting from its operation of the Property and such taxes shall not be a pro-ration at the Closing.

(c) If any action is brought by either Party against the other in connection with or arising out of this Agreement or any of the documents and instruments delivered in connection herewith or in connection with the transactions contemplated hereby, the prevailing party shall be entitled to recover from the other party its reasonable out-of-pocket costs and expenses, including, without limitation, reasonable attorneys' fees, incurred in connection with the prosecution or defense of such action.

13.19 Radon Gas. IN COMPLIANCE WITH §404.056, FLORIDA STATUTES, BUYER IS HEREBY MADE AWARE OF THE FOLLOWING: RADON GAS IS A NATURALLY OCCURRING RADIOACTIVE GAS THAT, WHEN IT HAS ACCUMULATED IN A BUILDING IN SUFFICIENT QUANTITIES, MAY PRESENT HEALTH RISKS TO PERSONS WHO ARE EXPOSED TO IT OVER TIME. LEVELS OF RADON THAT EXCEED FEDERAL AND STATE GUIDELINES HAVE BEEN FOUND IN BUILDINGS IN FLORIDA. ADDITIONAL INFORMATION REGARDING RADON AND RADON TESTING MAY BE OBTAINED FROM YOUR COUNTY PUBLIC HEALTH DEPARTMENT.

13.20 Energy Efficiency Rating Information. BUYER ACKNOWLEDGES RECEIPT OF THE INFORMATION BROCHURE §553.996, FLORIDA STATUTES.

13.21 Time. Time is of the essence with respect to the payment of moneys and the performance of each and every obligation set forth in this Agreement.

13.22 Further Assurances. Each party agrees to execute and deliver any and all additional instruments and documents and do any and all acts and things as may be necessary or expedient to effectuate more fully this Agreement or any provisions hereof or to carry on the business contemplated hereunder.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date(s) hereinafter set forth.

SELLER:

WAI 3300 CORPORATE WAY, LLC,
a Florida limited liability company

By: /s/ ***
Name: ***
Title: Chief Executive Officer
Date: May 27, 2022

BUYER:

HCW BIOLOGICS INC.,
a Delaware Corporation

By: /s/ Hing C. Wong
Name: Hing C. Wong
Title: Chief Executive Officer
Date: May 27, 2022

The Escrow Agent hereby agrees to hold and disburse the Deposits in accordance with and subject to the provisions of the foregoing Purchase and Sale Agreement.

WFG NATIONAL TITLE INSURANCE COMPANY

By: /s/ ***
Name: ***
Agency Commercial Closer/FRP
Date: May 27, 2022

Exhibit 31.1

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

I, Hing C. Wong, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of HCW Biologics Inc. for the quarter ended June 30, 2022;

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

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

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

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

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

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

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

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

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

/s/ Hing C. Wong

Hing C. Wong
Chief Executive Officer

Date: August 12, 2022

Exhibit 31.2

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

I, Rebecca Byam, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of HCW Biologics Inc. for the quarter ended June 30, 2022;

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

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

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

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

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

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

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

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

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

/s/ Rebecca Byam
Rebecca Byam
Chief Financial Officer

Date: August 12, 2022

Exhibit 32.1

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

In connection with the Quarterly Report of HCW Biologics Inc. (the "Company") on Form 10-Q for the period ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: August 12, 2022

By: /s/ Hing C. Wong

Hing C. Wong
Chief Executive Officer

Exhibit 32.2

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

In connection with the Quarterly Report of HCW Biologics Inc. (the "Company") on Form 10-Q for the period ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: August 12, 2022

By: /s/ Rebecca Byam

Rebecca Byam
Chief Financial Officer