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

FORM 10-Q

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

For the quarterly period ended September 30, 2026

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 **(State or other jurisdiction of incorporation or organization)**	**82-5024477** **(I.R.S. Employer Identification No.)**
2929 N. Commerce Parkway **Miramar, Florida** **(Address of principal executive offices)**	**33025** **(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 November 11, 2026, the registrant had 3,139,938 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, 2025	September 30, 2026 Unaudited
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,952,464	$ 955,458
Accounts receivable, net	32,175	-
Prepaid expenses	222,156	239,998
Other current assets	77,564	85,202
Total current assets	2,284,359	1,280,658
Investments	1,326,329	4,854,028
Property, plant and equipment, net	20,880,849	18,963,834
Other assets	28,476	28,476
Total assets	$ 24,520,013	$ 25,126,996
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Current liabilities:		
Accounts payable	$ 13,143,394	$ 9,435,785
Accrued liabilities and other current liabilities	1,110,104	1,046,440
Short-term debt, net	6,809,215	6,831,899
Deferred revenue	—	297,101
Total current liabilities	21,062,713	17,611,225
Contingent liability - related party	692,531	692,531
Total liabilities	21,755,244	18,303,756
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Common stock:		
Common, $0.0001 par value; 250,000,000 shares authorized and 546,635 shares issued at December 31, 2025; 250,000,000 shares authorized and 2,236,324 shares issued at September 30, 2026	55	223
Additional paid-in capital	111,280,560	120,308,443
Accumulated deficit	(108,515,846)	(113,485,426)
Total stockholders' equity	2,764,769	6,823,240
Total liabilities and stockholders' equity	$ 24,520,013	$ 25,126,996

See accompanying notes to the unaudited condensed financial statements.

HCW Biologics Inc.
Condensed Statements of Operations
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	**2026**	**2025**	**2026**
Revenues:				
Revenues	$ 15,606	$ 55,463	$ 27,222	$ 6,734,032
Cost of revenues	(12,485)	(27,345)	(21,777)	(267,871)
Gross profit	3,121	28,118	5,445	6,466,161
Operating expenses:				
Research and development	1,404,247	1,242,577	4,109,782	3,703,877
General and administrative	1,884,994	1,366,386	6,187,296	5,070,038
Legal expenses (recoveries), net	6,006	9,058	(1,590,945)	14,583
Indirect tax expense	-	-	-	198,146
Total operating expenses	3,295,247	2,618,021	8,706,133	8,986,644
Operating loss	(3,292,126)	(2,589,903)	(8,700,688)	(2,520,483)
Interest expense	(127,070)	(141,797)	(632,923)	(351,612)
Change in fair value of contingent liability, net	1,055,825	-	(692,531)	-
Change in fair value of investment, net	(2,022,109)	-	1,474,935	-
Change in fair value of warrant liability	-	-	-	(1,775,992)
Loss on sale of put shares	(182,146)	-	(182,146)	-
Loss on return of equipment	-	(494,683)	-	(494,683)
Gain on extinguishment of liability	-	-	-	483,383
Other income, net	13,290	3,554	54,412	19,992
Net loss before income taxes	(4,554,336)	(3,222,829)	(8,678,941)	(4,639,395)
Income tax expense	-	-	-	(330,186)
Net loss	$ (4,554,336)	$ (3,222,829)	$ (8,678,941)	$ (4,969,581)
Equity dividend to investors	-	(2,718,837)	(10,153,799)	(14,361,951)
Net loss attributable to Common Stockholders	$ (4,554,336)	$ (5,941,666)	$ (18,832,740)	$ (19,331,532)
Net loss per share, basic and diluted	$ (12.09)	$ (2.83)	$ (68.02)	$ (13.35)
Weighted average shares outstanding, basic and diluted	376,678	2,101,872	276,889	1,448,485

See accompanying notes to the unaudited condensed financial statements.

HCW Biologics Inc.
Condensed Statements of Changes in Stockholders' Equity (Deficit)
For the Three and Nine Months Ended September 30, 2025 and 2026
(Unaudited)

	Stockholders' Deficit				
	Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Deficit
Balance, January 1, 2025	185,589	19	93,785,946	(100,556,137)	(6,770,172)
Issuance of Common Stock upon exercise of stock options	34	-	1,654	-	1,654
Issuance of Common Stock to Square Gate	1,603	1	149,999	-	150,000
Issuance cost of Common Stock	-	-	(22,297)	-	(22,297)
Stock-based compensation	-	-	275,642	-	275,642
Net loss	-	-	-	(2,196,875)	(2,196,875)
Balance, March 31, 2025	**187,226**	**20**	**94,190,944**	**(102,753,012)**	**(8,562,048)**
Issuance of Common Stock	32,374	3	1,592,782	-	1,592,785
Issuance of pre-funded warrants	-	-	4,207,718	-	4,207,718
Issuance of Common Stock warrants	-	-	9,650,404	-	9,650,404
Exercise of pre-funded warrants	85,523	9	42	-	51
Issuance cost of Common Stock	-	-	(70,094)	-	(70,094)
Issuance cost of pre-funded warrants	-	-	(504,861)	-	(504,861)
Issuance cost of Common Stock warrants	-	-	(227,646)	-	(227,646)
Equity dividend to investor	-	-	(10,153,780)		(10,153,780)
Issuance of Common Stock to extinguish restructured debt	42,181	4	1,774,108	-	1,774,112
Issuance of Common Stock warrants to extinguish restructured debt	-	-	544,249	-	544,249
Gain on conversion of debt with related parties, net	-	-	3,346,562	-	3,346,562
Stock-based compensation	-	-	278,307	-	278,307
Adjustment for reverse stock split	10,464	1	(1)	-	-
Net loss	-	-	-	(1,927,730)	(1,927,730)
Balance, June 30, 2025	**357,768**	**37**	**104,628,734**	**(104,680,742)**	**(51,971)**
Issuance of Common Stock under Standby Equity Purchase Agreement (SEPA)	79,167	8	2,357,112	-	2,357,120
Issuance cost of Common Stock warrants	-	-	(63,501)	-	(63,501)
Stock-based compensation	-	-	205,492	-	205,492
Adjustment for reverse stock split	1	-	-	-	-
Net loss	-	-	-	(4,554,336)	(4,554,336)
Balance, September 30, 2025	**436,936**	**45**	**107,127,837**	**(109,235,078)**	**(2,107,196)**

See accompanying notes to the unaudited condensed financial statements.

	Stockholders' Equity				
	Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance, January 1, 2026	546,635	$ 55	$ 111,280,560	$ (108,515,846)	$ 2,764,769
Common Stock issued in connection with abeyance shares [1]	162,834	16	(16)	-	-
Issuance of pre-funded warrants	-	-	1,499,753	-	1,499,753
Exercise of pre-funded warrants	412,882	41	206	-	247
Reclassification of the modified warrant to liability	-	-	(1,595,778)	-	(1,595,778)
Issuance of Common Stock warrants	-	-	1,488,472	-	1,488,472
Equity dividend to investor	-	-	(1,488,472)	-	(1,488,472)
Issuance costs of Common Stock warrants	-	-	(181,198)	-	(181,198)
Issuance costs of pre-funded warrants	-	-	(207,858)	-	(207,858)
Stock-based compensation	-	-	10,019	-	10,019
Net income	-	-	-	3,472,480	3,472,480
Balance, March 31, 2026	**1,122,351**	**$ 112**	**$ 110,805,688**	**$ (105,043,366)**	**$ 5,762,434**
Issuance of Common Stock	71,174	7	1,101,772	-	1,101,779
Issuance of pre-funded warrants	-	-	6,243,229	-	6,243,229
Issuance of Common Stock warrants	-	-	6,809,392	-	6,809,392
Exercise of pre-funded warrants	403,322	40	202	-	242
Reclassification of the modified warrant to liability	-	-	3,371,770	-	3,371,770
Equity dividend to investor	-	-	(10,154,642)	-	(10,154,642)
Issuance costs of Common Stock	-	-	(38,031)	-	(38,031)
Issuance costs of pre-funded warrants	-	-	(215,502)	-	(215,502)
Issuance costs of Common Stock warrants	-	-	(235,046)	-	(235,046)
Stock-based compensation	-	-	1,220	-	1,220
Adjustment for reverse stock split	20,795	2	(2)	-	-
Net loss	-	-	-	(5,219,231)	(5,219,231)
Balance, June 30, 2026	**1,617,642**	**$ 161**	**$ 117,690,050**	**$ (110,262,597)**	**$ 7,427,614**
Issuance of Common Stock	218,682	22	564,178	-	564,200
Issuance of pre-funded warrants	-	-	2,531,915	-	2,531,915
Issuance of Common Stock warrants	-	-	2,721,891	-	2,721,891
Exercise of pre-funded warrants	400,000	40	-	-	40
Equity dividend to investor	-	-	(2,718,837)	-	(2,718,837)
Issuance costs of Common Stock	-	-	(46,656)	-	(46,656)
Issuance costs of pre-funded warrants	-	-	(209,376)	-	(209,376)
Issuance costs of Common Stock warrants	-	-	(225,086)	-	(225,086)
Stock-based compensation	-	-	364	-	364
Net loss	-	-	-	(3,222,829)	(3,222,829)
Balance, September 30, 2026	**2,236,324**	**$ 223**	**$ 120,308,443**	**$ (113,485,426)**	**$ 6,823,240**

(1) During the three months ended March 31, 2026, 162,834 shares previously issued on November 20, 2025, and held in abeyance, were issued. As of September 30, 2026, there were no shares held in abeyance.

See accompanying notes to the unaudited condensed financial statements.

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

	Nine months ended September 30,	
	2025	**2026**
Cash flows from operating activities:		
Net loss	$ (8,678,941)	$ (4,969,581)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and accretion	884,831	389,216
Stock-based compensation	759,441	11,603
Noncash revenue from licensing agreement	—	(3,500,000)
Gain on extinguishment of liability	—	(483,383)
Change in fair value of warrant liability	—	1,775,992
Change in fair value of investment, net	(1,474,935)	—
Change in fair value of contingent liability, net	692,531	—
Commitment fee	150,000	—
Loss on return of equipment	—	494,683
Loss on sale of put shares	182,146	—
Loss on conversion of debt with related parties	(131,135)	—
Changes in operating assets and liabilities:		
Accounts receivable	551,534	32,175
Prepaid expenses and other assets	162,903	(53,179)
Accounts payable and other liabilities	(3,134,475)	(2,156,618)
Deferred revenue	—	297,101
Net cash used in operating activities	(10,036,100)	(8,161,991)
Cash flows from financing activities:		
Proceeds from issuance of Common Stock	1,475,939	612,643
Proceeds from issuance of Common Stock under SEPA, net	1,992,779	—
Proceeds from issuance of Common Stock warrants and pre-funded warrants, net	3,822,894	7,986,565
Proceeds from issuance of debt	150,000	250,000
Issuance costs for Common Stock	—	(84,687)
Issuance costs for Common Stock warrants and pre-funded warrants	(888,399)	(1,274,065)
Debt repayment	(94,776)	(325,471)
Net cash provided by financing activities	6,458,437	7,164,985
Net decrease in cash and cash equivalents	(3,577,663)	(997,006)
Cash and cash equivalents at the beginning of the period	4,674,572	1,952,464
Cash and cash equivalents at the end of the period	$ 1,096,909	$ 955,458
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 496,268	$ 359,519
Noncash investing activities:		
Purchases of property and equipment included in accounts payable and other	$ 23,000	$ 89,812
Noncash financing activities:		
Put shares issued but not priced under SEPA	$ 182,195	$ —
Extinguishment of restructured debt	$ 7,440,462	$ —
Issuance of Common Stock, warrants and other rights upon extinguishment of restructured debt	$ 3,962,766	$ —
Gain on extinguishment of debt with related parties	$ 3,477,696	$ —
Equity dividend to investors	$ 10,153,799	$ 14,361,951

See accompanying notes to the unaudited condensed financial statements.

HCW Biologics Inc.
Notes to Condensed Financial Statements
(Unaudited)

1. Organization and Summary of Significant Accounting Policies

Organization

HCW Biologics Inc. (the "Company") is a clinical-stage biopharmaceutical company developing transformative fusion immunotherapeutics to treat diseases promoted by chronic inflammation, including autoimmune diseases, cancer, and senescence-associated dysplasia. The Company also has commercial-ready reagents that are based on its proprietary immunotherapeutic compounds that are designed to support the production of immunotherapeutics for cancer and infectious diseases. The Company is located in Miramar, Florida and was incorporated in the state of Delaware in April 2018.

Reverse Stock Splits

On March 31, 2025, at a Special Meeting of the Stockholders, the stockholders of the Company approved a reverse stock split of all outstanding shares of the Company's common stock ("Common Stock"), and the Board approved a reverse stock split of the Common Stock at a final ratio of one-for-forty (1::40). This reverse stock split was effective on April 11, 2025, and the Common Stock commenced trading on a reverse split-adjusted basis when the markets opened on April 11, 2025, under the existing trading symbol "HCWB."

On June 15, 2026, at the Company's Annual Meeting of Stockholders, the stockholders of the Company approved one or more reverse stock splits of all outstanding shares of Common Stock up to an aggregate of one-for-twenty (1::20) for a period of one year. On June 24, 2026, the Board approved a reverse stock split at a final ratio of one-for-six (1::6), or the Reverse Stock Split, which was effective at 12:01 a.m. Eastern Time on Tuesday, June 30, 2026 (the "Effective Date"). The Common Stock commenced trading on a Reverse Stock Split-adjusted basis under the Company's existing trading symbol, "HCWB," at market open on Tuesday, June 30, 2026.

All issued and outstanding shares of Common Stock, stock option awards, and per share data included in this Quarterly Report on Form 10-Q have been recast to give retrospective effect to the reverse stock splits for all periods presented. The reverse stock splits did not have any effect on the stated par value of the Company's Common Stock or the rights and privileges of the holders of shares of Common Stock. Options, warrants and convertible securities outstanding immediately prior to the reverse stock splits were appropriately adjusted to reflect the reverse stock splits.

Liquidity and Going Concern

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 205-40, Presentation of Financial Statements – Going Concern ("Topic 205-40"), management is required to evaluate whether there are conditions and events, considered in the aggregate that raise substantial doubt about the Company's ability to continue as a going concern for at least 12 months from the issuance date of the Company's condensed financial statements. This evaluation does not take into consideration the potential mitigating effect of management's plans that have not been fully implemented or are not within control of the Company as of the date the condensed financial statements are issued. When substantial doubt exists under this methodology, management evaluates whether the mitigating effect of its plans sufficiently alleviates substantial doubt about the Company's ability to continue as a going concern. The mitigating effect of management's plans, however, is only considered if both (1) it is probable that the plans will be effectively implemented within one year after the date that the condensed financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the condensed financial statements are issued.

As of September 30, 2026, the Company had not generated any revenue from commercial product sales of its internally developed immunotherapeutic products. During its development activities, the Company has sustained operating losses, experienced negative operating cash flows and negative working capital position and expects to continue to incur operating losses for the foreseeable future. Since inception to September 30, 2026, the Company incurred cumulative net losses of $110.8 million. These factors raise substantial doubt regarding the Company's ability to continue as a going concern.

The accompanying condensed financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain debt or equity financings to continue operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above. The Company believes that substantial doubt exists regarding its ability to continue as a going concern for at least 12 months from the date of issuance of the Company's condensed financial statements and that the substantial doubt that existed in its going concern analysis was not alleviated.

Summary of Significant Accounting Policies

Basis of Presentation

Consolidated Financial Results

On September 29, 2026, the Company formed HCWB Holdings, LLC (the "Subsidiary"), a Utah limited liability company of which the Company is the sole member. The Subsidiary has no employees or physical location. As of September 30, 2026, the Subsidiary had no assets, liabilities and had not commenced operations. Accordingly, the formation of the Subsidiary had no impact on the Company's financial position or results of operations as of and for the three months ended September 30, 2026.

Beginning with the Company's Annual Report for the year ended December 31, 2026, the Company will present consolidated financial statements that include the accounts of HCW Biologics Inc. and its wholly owned Subsidiary. All intercompany balances and transactions, if any, will be eliminated in consolidation.

Unaudited Interim Financial Information

The accompanying unaudited condensed financial statements as of September 30, 2026 and for the three and nine months ended September 30, 2025 and 2026 have been prepared in accordance with 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 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 nine months ended September 30, 2026 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, 2025 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 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, 2025 which appear in our Annual Report on Form 10-K for the year ended December 31, 2025 filed with the Securities and Exchange Commission (the "SEC") on March 31, 2026 (the "Annual Report") and in other filings with the SEC.

Segment Reporting

The Company operates and manages its business as one reportable and operating segment, which is the business of developing and commercializing transformative fusion immunotherapeutics for diseases promoted by chronic inflammation, including autoimmune disorders and other inflammatory diseases, cancer and senescence-associated dysplasia. The Company's chief executive officer, who is the chief operating decision maker ("CODM"), reviews financial information on an aggregate basis for allocating and evaluating financial performance. In addition, the Company's CODM is regularly provided with detailed results of preclinical and clinical data which is considered in his decision for the allocation of resources. See Note 11. Segment Reporting for further details. The single operating segment constitutes all of the Company activity, and the CODM regularly reviews the entity-wide operating results and performance. All long-lived assets are maintained in the United States of America.

Reclassification of Prior Period Amounts

Certain prior-period amounts have been reclassified to conform to the current-period presentation. Specifically, the change in fair value of the contingent liability created by transferring rights to a portion of the proceeds from the sale or liquidation of the Company's investment in AlloTera Therapeutics in connection with restructuring the Secured Notes in May 2025 and the change in fair value of the investment in AlloTera Therapeutics shares, which were previously presented together as a single line item as of and for the three and nine months ended September 30, 2025, are now presented separately in the accompanying financial statements for enhanced clarity. The reclassification had no effect on previously reported net loss, total assets, total liabilities, stockholders' equity, or cash flows.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Management uses estimates in financial statements to approximate monetary amounts for items that cannot be measured precisely, such as asset valuations, liabilities, and revenue recognition. These estimates are based on subjective judgments, experience, and future assumptions. The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could differ from estimates.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820, Fair Value Measurement ("Topic 820") establishes a fair value hierarchy for those instruments measured at fair value that distinguishes between fair value measurements based on market data (observable inputs) and those based on the Company's own assumptions (unobservable inputs). This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require a reporting entity to develop its own assumptions.

Fair value measurements are classified based on the lowest level of input that is significant to the measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, which may affect the valuation of the assets and liabilities and their placement within the fair value hierarchy levels. The determination of the fair values takes into account the market for the Company's financial assets and liabilities, the associated credit risk, and other factors as required. The Company considers active markets as those in which transactions for the assets or liabilities occur in sufficient frequency and volume to provide pricing information on an ongoing basis. See Note 2. Fair Value of Financial Instruments.

Revenue Recognition

The Company accounts for revenues in accordance with FASB ASC 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 license agreements, which consist of licenses of intellectual property, research and development cost reimbursements and service fees, upfront signing fees, milestone payments and royalties on future licensee's product sales. From time to time, the Company may retain manufacturing rights when it enters license agreements, and in this case, the Company and its licensee will enter a separate supply agreement, under which the Company will agree to sell clinical materials needed for research and clinical trials to the licensee, for which the Company will recognize revenue.

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.

License related Services:

For license agreements that include service-based performance obligations, the Company evaluates whether these separately identifiable services are distinct performance obligations. The Company considers whether the customer could benefit from the licensed intellectual property with other readily available resources, whether the performance of the service would significantly modify or customize the licensed intellectual property or whether the service is highly interrelated or interdependent with the licensed intellectual property. Revenue attributable to services that are deemed distinct performance obligations are recognized over time as the customer simultaneously receives and consumes the benefits of the Company's performance. The Company measures progress toward completion using an input method, typically cost-to-cost, which reflects the pattern in which services are delivered. Amounts received in advance for optional future services are recorded as deferred revenue and recognized as revenue when the related services are performed or when the option expires. The transaction price is allocated to the service performance obligations based on their relative standalone selling prices.

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 milestone 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, or alternatively, so that distributors may supply their network of research and commercial customers with the Company's proprietary molecules. Under a license agreement, the amounts billed are recognized as revenue as the performance obligations are satisfied by the Company, once the Company determines that a contract exists. Revenue from sales to distributors is recognized once control of the goods transfers to the distributor.

Investments

As part of its financing strategy, the Company may enter into licensing or collaboration agreements under which it receives consideration in the form of a minority equity interest in a counterparty, in lieu of or in addition to cash payments. These financial instruments are presented within Investments in the accompanying condensed balance sheets.

When consideration is an equity interest in a private entity whose equity has limited marketability with no readily determinable fair value and for which the Company does not have significant influence over the investee, the Company measures the equity interest using the measurement alternative, at cost less impairment, adjusted for observable price changes in orderly transactions for the identical or similar investment of the same issuer (ASC Topic 321, Investments - Equity Securities or Topic 321), unless the fair value method is otherwise elected. If the Company elects to measure an equity security at fair value, the entity shall measure all identical or similar investments of the same issuer, including future purchases of identical or similar investments of the same issuer, at fair value. The election to measure those securities at fair value shall be irrevocable. Any resulting gains or losses on the securities for which that election is made shall be recorded in earnings at the time of the election and each reporting period thereafter.

In the second quarter of 2025, the Company elected to account for its shares of AlloTera Therapeutics, Inc. ("AlloTera Therapeutics") formerly Wugen, Inc. ("Wugen"), previously accounted for under the measurement alternative, at fair value determined by using financial valuation techniques and market information available. The Company remeasures the change in fair value of the AlloTera Therapeutics shares in reporting periods subsequent to the second quarter of 2025 and recognizes the change in fair value in earnings.

The Company has transferred the rights to a portion of the proceeds that may be received upon the sale or liquidation of its shares of AlloTera Therapeutics, if such event occurs, which gave rise to a contingent liability. These rights were transferred as part of the consideration given in exchange for restructuring, converting or settling debt, including restructure of some of the Secured Notes in May 2025, conversion of the Convertible Bridge Notes in May 2025, and settlement of the remaining outstanding Secured Notes on October 1, 2026. See Note 13. Subsequent Events. The contingent liability is measured based on the fair value of the relevant number of shares of AlloTera Therapeutics common stock underlying the rights that were transferred, with the change in fair value recognized in earnings beginning in the second quarter of 2025 and each reporting period thereafter. See Note 2. Fair Value of Financial Instruments and Note 4. Debt, Net.

On March 16, 2026, the Company received full payment of the nonrefundable upfront license fee from Beijing Trimmune Biotech Co. Ltd. ("Trimmune"), a private company based in China, which included an in-kind payment of a transferable equity interest in Trimmune. The Company has elected to use the measurement alternative under ASC 321-10-35-2 to account for this investment. The initial fair value was derived by reference to the implied post-financing valuation of Trimmune of RMB 175,000,000 of a contemporaneous Licensee Funding Transaction ("LFT") with unrelated third party investors (a Level 2 fair value indicator under Topic 820), using the exchange rate on the closing date of the LFT. In subsequent reporting periods, the Company will measure the value of this investment at cost less impairment, adjusted for observable price changes in orderly transactions for the identical or similar investment of the same issuer. See Note 5. License Agreements.

From time to time, the Company invests excess cash in U.S. Treasury bills and notes, which are classified as trading securities. As of December 31, 2025 and September 30, 2026, the Company had no short-term investments.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for indications of possible impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amounts to the future undiscounted cash flows attributable to these assets. An impairment is recognized to the extent that an asset group is not recoverable, and the carrying amount exceeds the projected discounted future cash flows arising from these assets. Impairments, if any, are recognized in earnings. It is the Company's policy to obtain an appraisal of long-lived assets at least once a year in preparation for the Annual Report, and more often if the market appears to be weakening or other triggers for an indication of impairment have occurred.

Standby Equity Purchase Agreement

The Company and Square Gate Capital Master Fund, LLC - Series 4 ("Square Gate") entered a Standby Equity Purchase Agreement ("SEPA") providing for an equity line of credit with Square Gate on February 20, 2025. This agreement provides a mechanism for submission by the Company and acceptance by Square Gate of Put Notices under the SEPA pursuant to which Square Gate and the Company may agree to and execute one purchase and sale of Put Shares ("Standard Put Shares"). The Standard Put Notice has a pricing mechanism based on a volume-adjusted weighted average trading price over three days following the acceptance of the Standard Put.

On August 14, 2025, the parties entered into a First Amendment to the SEPA (the "First Amendment") to provide a mechanism for submission by the Company and acceptance by Square Gate of Put Notices under the SEPA pursuant to which Square Gate and the Company may agree to and execute multiple purchases and sales of Put Shares on the same trading day ("Intraday Put Shares"). Under the First Amendment, among other things, the purchase price of the Intraday Put Shares will be the lowest traded price during a specified valuation time period which begins with the acceptance of the Intraday Put and ends when trading volume reaches 1000% of the amount of shares included in the Intraday Put.

A SEPA is an equity-linked instrument for which an investor has the right, but not the obligation, to purchase shares of the entity's common stock over a specified period of time. The SEPA creates a purchase put option for the overarching arrangement which was determined to be a derivative. Economically, before the entity has elected to sell shares, a SEPA represents a purchased put option on the entity's own equity. However, once the entity "draws" on the SEPA, the related number of shares issued constitutes a financial instrument. Thus, a SEPA contains both a purchased put option element and a forward share issuance element. This means that a SEPA generally does not qualify for equity classification. Accordingly, entities must recognize an asset or liability for its SEPA. Such asset or liability must be measured at fair value, with changes in fair value recognized in net (loss) income. Further, individual draws must also be evaluated to determine if they meet criteria for equity classification.

With regards to the individual draws for a Standard Put under the SEPA, an individual draw would create a separate financial instrument with settlement criteria that does not meet indexation guidance. While the number of shares is known at inception and therefore not subject to the overarching share cap, there are two inputs into the settlement amount paid by the Investor which are not inputs into a fixed-for-fixed option: (1) the maximum amount to be funded under the SEPA of $20.0 million, which inherently limits the settlement amount regardless of the Company's stock price and (2) the discount which reduces the amount to be paid upon settlement. See Note 7. Standby Equity Purchase Agreement.

Net Income (Loss) Per Share

Basic net income (loss) per share is calculated by dividing the net income (loss) attributable to Common Stockholders by the daily weighted-average number of common shares outstanding for the period, without consideration of potential dilutive securities. Diluted net income (loss) per share is computed by dividing the net income (loss) attributable to Common Stockholders by the sum of the daily weighted average number of common shares plus the potential dilutive effects of potential dilutive securities outstanding during the period. Potential dilutive securities are excluded from diluted income or loss per share if the effect of such inclusion is anti-dilutive. The Company's potentially dilutive securities, which include options granted under the 2019 Equity Incentive Plan ("2019 Plan") and the 2021 Equity Incentive Plan ("2021 Plan") as well as the Company's Common Stock Warrants, have been excluded from the computation of diluted net income (loss) per share as their exercise prices exceeded the average market price of the Company's Common Stock during the period. Options and warrants are considered dilutive to the income per share calculation when their exercise price is below the average market price of the stock ("in-the-money").

The Company has issued certain Common Stock Warrants that have a provision for participation in earnings. Under ASC 260, Earnings per Share, undistributed earnings shall be allocated to Common Stock and participating securities utilizing the two-class method. The Company reports distributed and undistributed allocations of earnings on a cumulative period basis in accordance with contractual participation rights using the two-class method.

Recently Adopted Accounting Pronouncements

In November 2024, the FASB issued Accounting Standards Update (ASU) No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (ASU 2024-03) which requires public business entities to provide enhanced disaggregation of expenses in financial statements, including detailed disclosures on inventory purchases, employee compensation, depreciation, and amortization. The new guidance is effective for the Company for fiscal periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. The Company early adopted ASU 2024-03 on September 30, 2026 on a retrospective basis. See Note 11. Segment Reporting for the disaggregation of relevant expense captions.

In September 2025, the FASB issued ASU 2025-07—Derivatives and Hedging ("Topic 815") and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-based Noncash Consideration from a Customer in a Revenue Contract, to expand the scope of contracts that are excluded from derivative accounting (i.e., measured at fair value through earnings). ASU 2025-07 addresses stakeholders' concerns about (1) the application of derivative accounting to contracts with features based on the operations or activities of one of the parties to the contract and (2) the diversity in accounting for share-based noncash consideration from a customer that is consideration for the transfer of goods or services. The guidance is effective for annual reporting periods beginning after December 15, 2026, and interim periods within those annual periods. Entities may apply the guidance either on a modified retrospective or prospective basis. Early adoption is permitted. The Company early adopted ASU 2025-07 prospectively, effective September 30, 2026. The adoption did not have an impact on our financial statements.

Recently Issued Accounting Pronouncements

In September 2025, the FASB issued ASU 2025-06, Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Accounting for and Disclosure of Software Costs to update the accounting for internal use software costs. The guidance requires entities to start capitalizing eligible costs when (1) management has authorized and committed to funding the software project, and (2) it is probable that the project will be completed and the software will be used to perform the function intended. The guidance, which applies to all entities, is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years. Entities may apply the guidance using a prospective, retrospective or modified transition approach. Early adoption is permitted. The Company is evaluating the impact of the standard on the Company's financial statements.

In December 2025, the FASB issued ASU 2025-11, "Interim Reporting (Topic 270): Narrow-Scope Improvements." This ASU clarifies that the interim reporting requirements in Topic 270 apply to all entities that issue interim financial statements prepared in accordance with U.S. GAAP and consolidates such requirements within Topic 270. The amendments provide a comprehensive list within Topic 270 of required interim disclosures, establish a principle requiring disclosure of events or changes occurring after the end of the most recent annual reporting period that have a material impact on interim results and clarifies the form and content requirements applicable to interim financial statements. The amendments in ASU 2025-11 are effective for the interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. This ASU can be applied either prospectively or retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating ASU 2025-11 to determine the impact it may have on our financial statements.

As of December 31, 2026, the Company will cease to be an 'emerging growth company' as defined in the Jumpstart Our Business Startups Act of 2012. The Company expects to remain a non-accelerated filer and smaller reporting company. The Company is currently assessing potential regulatory and operational changes that may be required as a result.

2. Fair Value of Financial Instruments

The carrying amount of the Company's financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses, 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.

During the three months ended March 31, 2026, the Company agreed to modify certain outstanding warrants, subject to stockholder approval. Since there was a contingency in the terms of settlement, the Company recognized a warrant liability as of March 31, 2026. The warrant liability was measured at fair value using the Black-Scholes option pricing model. The fair value was classified as Level 3 within the fair value hierarchy due to the use of significant unobservable inputs. The change in fair value was recognized in earnings. On June 15, 2026, at the Company's Annual Meeting of Stockholders, the stockholders approved the repricing of the warrants underlying this warrant liability, after which the warrants met all requirements for classification as equity. On that date, the Company remeasured the warrant liability at fair value and recognized the change in fair value in earnings. In the nine months ended September 30, 2026, the Company recognized the change in fair value of the warrant liability of $1.8 million. There was no warrant liability outstanding as of September 30, 2026. See Note 6. Sale of Common Stock and Warrants.

The Company's investment in shares of AlloTera Therapeutics common stock is classified as Level 3 within the fair value hierarchy due to the use of significant unobservable inputs. The fair value is estimated using a combination of valuation techniques, including an adjusted enterprise valuation method and a backsolve method, which incorporates information from recent financing transactions and the Company's assessment of the underlying enterprise value of AlloTera Therapeutics. Significant unobservable inputs used in these valuations include assumptions related to the enterprise value of AlloTera Therapeutics, discounts for lack of marketability, the capital structure of the investee, and the probability and timing of potential liquidity events. The fair value of the AlloTera Therapeutics investment is reassessed each reporting period based on updated assumptions and available market information with the change in fair value recognized in earnings.

The Company reports a contingent liability for the fair value of the rights transferred to certain note holders with respect to a portion of the proceeds the Company may receive upon the sale or liquidation of its shares in AlloTera Therapeutics, if such an event occurs. The contingent liability arose in May 2025, when the Company transferred rights to certain holders of Secured Notes and Convertible Bridge Notes as part of the terms to restructure and convert their debt to equity. The valuation of the contingent liability is based on assumptions consistent with those used in valuing the related underlying AlloTera Therapeutics shares, including the expected distribution of proceeds upon a liquidity event. The fair value of the contingent liability is reassessed each reporting period with the change in fair value recognized in earnings. See Note 4. Debt, Net.

There were no material changes in the valuation techniques or significant unobservable inputs used to measure these Level 3 instruments during the nine months ended September 30, 2026.

The following table presents the Company's assets and liabilities which were measured at fair value at December 31, 2025 and September 30, 2026:

	December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Money market funds	$ 1,607,009	$ —	$ —	$ 1,607,009
Investments	—	—	1,326,329	1,326,329
Liabilities				
Contingent liability	—	—	(692,531)	(692,531)
Total	$ 1,607,009	$ —	$ 633,798	$ 2,240,807

	September 30, 2026			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	$ 631,097	$ —	$ —	$ 631,097
Investments	—	—	1,326,329	1,326,329
Liabilities				
Contingent Liability	—	—	(692,531)	(692,531)
Total	$ 631,097	$ —	$ 633,798	$ 1,264,895

3. Accrued Liabilities and Other Current Liabilities

As of December 31, 2025, the Company had a balance of $1.1 million included in Accrued liabilities and other current liabilities in the accompanying condensed balance sheet, consisting of $422,000 for construction expenses, $87,000 for accrued interest expense, $49,000 for manufacturing expenses, $159,000 for legal fees, $186,000 for clinical expenses, $79,000 for salary expenses and $118,000 for other accrued expenses or current liabilities.

As of September 30, 2026, the Company had a balance of $1.0 million included in Accrued liabilities and other current liabilities in the accompanying condensed balance sheet, consisting of $422,000 for construction expenses, $115,000 for property tax, $104,000 for legal fees, $207,000 for clinical expenses, $131,000 for salary expenses and $21,000 for other accrued expenses or current liabilities.

4. Debt, Net

Cogent Bank Loan

On August 15, 2022, the Company entered into the 2022 Loan Agreement with Cogent Bank (the "2022 Loan Agreement"), pursuant to which it received $6.5 million in proceeds to purchase a property where the Company planned to construct a manufacturing facility for biologics and upgraded research laboratory facilities (the "Property"). The loan is secured by a first priority lien on the Property.

As of September 30, 2026, the Company had $6.1 million in principal outstanding under the 2022 Loan Agreement. The interest-only period was one year followed by 48 months of equal payments of principal and interest beginning on September 15, 2023 based on a 25-year amortization rate. The unamortized balance is due on August 15, 2027 (the "2022 Loan Agreement Maturity Date"), and bears interest at a fixed per annum rate equal to 5.75%. The Company has the option to prepay the outstanding balance of the loan prior to the 2022 Loan Agreement Maturity Date without penalty. The Company is in compliance with covenants related to current payment of principal, interest, property taxes and insurance as of September 30, 2026.

As of December 31, 2025 and September 30, 2026, the Company has reported this loan as Short-term debt, net. The 2022 Loan Agreement contains a provision for a discretionary default in the event that the Company fails to pay sums due in connection with construction of any improvements. This provision was triggered because certain subcontractors filed mechanics liens related to unpaid invoices issued in connection with the Company's construction of its planned manufacturing facilities and upgraded research laboratories at the Property. On October 24, 2025, the Company was notified by Cogent Bank that it exercised its discretion to make a demand that the Company cure the mechanics liens no later than thirty (30) days after receipt of this letter in strict compliance with Section 7.2(3) of the Loan Agreement by: (i) paying and discharging all of the Claims of Lien and causing satisfactions to be recorded in the Public Records of Broward County, Florida for all of the Claims of Lien, and (ii) resolving all litigation against the Borrower and the mortgaged property described in the Mortgage and causing such claims in the Foreclosure Actions to be dismissed and all related notices of lis pendens to be released. See Note 13. Subsequent Events.

Secured Notes

During the year ended December 31, 2024, the Company received $6.9 million in funding from the issuance of Secured Notes. Investors included Dr. Hing C. Wong, Founder and Chief Executive Officer, who invested $2.4 million; Rebecca Byam, Chief Financial Officer, who invested $220,000; Lee Flowers, Senior Vice President of Business Development, who invested $25,000; Scott T. Garrett, the Chairman of the Company's board of directors, who invested $140,000; Gary M. Winer, who was serving as a member of the Company's board of directors at the time of his investment, who invested $60,000; Rick S. Greene, a member of the board of directors, who invested $25,000, and other significant investors. In July and October 2024, the terms of the Secured Notes were amended, including but not limited to a fixed bonus payable on Maturity, or August 30, 2026 (the "Maturity Date").

As a condition to entering into the Amended and Restated Note Purchase Agreement, the Company, Mercedes M. Sellek, P.A. ("Escrow Agent"), and the Purchasers entered into that certain Escrow Agreement and Amended and Restated Pledge Agreement, dated July 2, 2024, pursuant to which the Company agreed to pledge its equity ownership interest in AlloTera Therapeutics (the "Pledged Collateral"), to be held and released by Escrow Agent according to the terms of the Escrow Agreement, as security for the Secured Notes.

The Secured Notes bear interest at a rate of 9% per annum, payable quarterly in arrears, and mature on August 30, 2026 (the "Maturity Date"), on which date the principal balance, accrued but unpaid interest, and other amounts that may be due under the terms of the Amended and Restated Note Purchase Agreement shall be due and payable. The Amended and Restated Note Purchase Agreement provides for a 30-day period in which to cure the default event for nonpayment. The Senior Notes have a provision for repayment upon a mandatory redemption event during the term or on the Maturity Date. A mandatory redemption event requires the sale or liquidation of the Company's shares of AlloTera Therapeutics. If the Secured Notes are repaid on the Maturity Date, holders will receive their pro rata share of a fixed bonus payment of $3.4 million in addition to payment of outstanding principal and accrued interest.

The agreement contains default provisions, according to which, following an event of default, the Company may be required to distribute the Pledged Collateral to the Purchasers on a pro rata basis based on a $10.0 million issuance of Secured Notes, in full satisfaction of the indebtedness evidenced by the Secured Notes. The Pledged Collateral will be held and released according to the terms of the Escrow Agreement, as security for the Secured Notes.

The Secured Notes were deemed to be a hybrid instrument, consisting of a debt host with embedded derivatives requiring bifurcation and accounting for separately. The embedded derivatives consist of the Mandatory Redemption, which depends on certain events occurring, and the fixed bonus payable upon the Maturity Date. The fair value of the embedded derivative, which incorporated the likelihood of certain events occurring, was immaterial. Thus, as of December 31, 2025 and September 30, 2026, the Company did not recognize the embedded derivative in the accompanying condensed balance sheets. The Company accounts for the fixed bonus payment to be paid if the Secured Notes are repaid on the Maturity Date by accreting the bonus payment to the full amount due on the Maturity Date, utilizing the effective interest rate method.

On May 1, 2025, noteholders holding $6.6 million of the principal of the outstanding Secured Notes elected to convert their outstanding indebtedness to equity and entered into the Second Amendment to the Amended and Restated Note Purchase Agreement (the "Conversion Agreement"). On May 7, 2025, the conversion date, the Company extinguished $6.6 million of the outstanding principal amount of Secured Notes and $860,462 of accumulated accretion of a fixed bonus to be paid on the Maturity Date. For those noteholders who converted to equity, the right to a fixed bonus payable on the Maturity Date was terminated and the previously accumulated fixed bonus was waived. See section "Troubled Debt Restructuring of Secured Notes" below.

For those Secured Notes which remained outstanding as of December 31, 2025 and September 30, 2026, the Company reported $397,065 and $442,823, respectively, including outstanding principal, accrued interest and accumulated accretion of a fixed bonus payment due upon Maturity Date as a current liability in Short-term debt, net in the accompanying condensed balance sheets. As of October 1, 2026, the Secured Notes were settled by allocating a portion of the proceeds upon the sale or liquidation of AlloTera Therapeutics shares. See Note 13. Subsequent Events.

For the three months ended September 30, 2025 and 2026, the Company recognized $15,502 and $9,609, respectively, as an expense for accretion of the fixed bonus payment due in the event the Secured Notes are repaid on the Maturity Date, presented within General and administrative expenses in the accompanying condensed statements of operations. For the nine months ended September 30, 2025 and 2026, the Company recognized $390,809 and $38,435, respectively, for this expense.

Troubled Debt Restructuring of Secured Notes

The Company entered into the Second Amendment to its Amended and Restated Note Purchase Agreement in which certain Secured Note noteholders and the Company agreed to the terms to effectively extinguish $7.4 million of debt through the issuance of 42,181 shares of Common Stock, warrants to purchase up to 21,099 shares of Common Stock, and rights to receive a pro rata share of the proceeds or shares from the Company's shares in AlloTera Therapeutics common stock, which equals 49.11% of total proceeds. The transaction was accounted for under ASC Subtopic 470-50, Debt Modifications and Extinguishments, and ASC Subtopic 470-60, Troubled Debt Restructurings by Debtors as a troubled debt extinguishment, as the Company was experiencing financial difficulty and it was granted a concession by Secured Note noteholders whereby the fair value of consideration transferred was less than the carrying amount of the Secured Notes.

The net carrying amount of the restructured Secured Notes was $7.4 million, including principal of $6.6 million and accumulated accretion of a fixed bonus payable upon Maturity Date of $860,462. The fair value of consideration transferred was $4.0 million, including Common Stock, warrants to purchase Common Stock, and rights to a portion of the proceeds of the Company's shares of AlloTera Therapeutics common stock, with the difference of $3.5 million being recognized as a troubled debt restructuring gain. Due to the related party nature of the converting noteholders, the gain was recorded to additional paid-in capital and is reflected in the beginning balance as of January 1, 2026 for the period ended September 30, 2026, in the accompanying condensed statements of stockholders' equity (deficit).

Unsecured Promissory Notes

During the year ended December 31, 2025, the Company issued a total of $270,000 principal amount of unsecured convertible promissory notes with a maturity date of May 5, 2026 with paid-in-kind interest accruing thereon, payable quarterly in arrears at 10% per annum (the "Convertible Bridge Notes"). In accordance with the terms of the agreement, following the completion of a qualified offering, the Convertible Bridge Notes had a mandatory conversion feature to convert into shares of our Common Stock at the final offering price in an offering that closed on May 15, 2025. In addition, upon conversion, the holders of the Convertible Bridge Notes received rights to a portion of the proceeds of the Company's shares of AlloTera Therapeutics common stock, if and when such shares are sold. The portion of proceeds allocated to each noteholder was represented by the number of shares of AlloTera Therapeutics common stock, determined by multiplying 0.25 by the original principal amount invested, in dollars, of the Convertible Bridge Notes. Investors included: $60,000 invested by Hing C. Wong, the Company's Founder and CEO; $100,000 invested by Scott T. Garrett, the Chairman of the Company's board of directors; and $10,000 invested by Gary M. Winer, who was serving as a member of the Company's board of directors at the time of his investment.

As of May 15, 2025, the outstanding principal of the Convertible Bridge Notes were converted. The fair value of consideration transferred including 6,041 shares of Common Stock and rights to proceeds of a portion of the Company's shares of AlloTera Therapeutics common stock was $401,134, with the difference of $131,135 being recognized as a loss on conversion. Due to the related party nature of the converting noteholders, the loss was recorded to additional paid-in capital and is reflected in the beginning balance as of January 1, 2026 for the period ended September 30, 2026, in the accompanying condensed statements of stockholders' equity (deficit).

Contingent Liabilities

In the second quarter of 2025, in connection with the Troubled Debt Restructuring and the conversion of the Convertible Bridge Notes discussed above, the converting noteholders have a right to receive a portion of the proceeds of the sale or liquidation of the Company's shares of AlloTera Therapeutics common stock, if such an event occurs. The Company reported this obligation in Contingent liability in the accompanying condensed balance sheets. The Company reports the fair value of its 2.2 million shares of AlloTera Therapeutics common stock in Investments in the accompanying condensed balance sheets. As of December 31, 2025 and September 30, 2026, the fair value of the Company's AlloTera Therapeutics shares was $1.3 million and the fair value for the Contingent liability was $692,531 in the accompanying condensed balance sheets. See Note 2. Fair Value of Financial Instruments.

Promissory Note with Personal Guaranty

On May 8, 2025, the Company issued a promissory note for $150,000, secured by a personal guaranty and pledge given by the Company's Founder and CEO, Dr. Hing C. Wong in accordance with the provisions of that certain Guaranty and Pledge Agreement of even date herewith between the Company and the holder (the "Guaranteed Promissory Note"). The Guaranteed Promissory Note was issued with an original issue discount of $75,000. On the Maturity Date of February 7, 2026, the Company was obligated to repay $225,000. The Company repaid the Guaranteed Promissory Note in full on February 6, 2026.

For the three months ended September 30, 2025 and 2026, the Company recognized accretion of original issue discount of $25,000 and $10,278, respectively, and for the nine months ended September 30, 2025 and 2026, the Company recognized accretion of original issue discount of $39,722 and $10,278, respectively, in Interest expense in the accompanying condensed statements of operations.

Secured Promissory Note

On September 23, 2026, the Company issued a senior secured promissory note for $250,000 to Hing C. Wong, the Company's Founder and Chief Executive Officer (the "Secured Promissory Note"). The Secured Promissory Note accrued $41,667 in interest on the date it was issued and will accrue an additional $41,667 each quarter it remains outstanding until the maturity date of June 23, 2027 (the "Maturity Date"). On the Maturity Date, the Company will repay $375,000. The Secured Promissory Note and accrued but unpaid interest may be prepaid by the Company prior to the Maturity Date, in whole or in part, without penalty. The proceeds of the Secured Promissory Note were used for general corporate purposes. As of September 30, 2026, the Company recognized a current liability of $291,667 in Short-term debt, net in the accompanying condensed balance sheet. In the three and nine months ended September 30, 2026, the Company recognized $41,667, respectively, for interest within Interest expense in the accompanying condensed statements of operations.

5. License and Distribution Agreements

Beijing Trimmune Biotech Co. Ltd. License

On November 17, 2025, the Company and Trimmune entered into an Amended and Restated License, Research and Co-Development Agreement ("Trimmune License") following the assignment of the original License, Research and Co-Development Agreement, which includes an exclusive license to HCW11-006 for in vivo applications ("WY Biotech License") from WY Biotech Co., Ltd. to Trimmune. The parties restructured the terms of the original WY Biotech License to include the assignment of rights to Trimmune. In addition to the license for HCW11-006, the parties agreed that for additional consideration, Trimmune has an option to license the exclusive China rights to clinical development and commercialization for *in vivo* applications of HCW9302, the Company's clinical-stage molecule currently being evaluated for the treatment of an autoimmune disorder.

On March 16, 2026, the Company received the full nonrefundable upfront license fee, consisting of $3.5 million in gross cash proceeds, or $2.9 million net of foreign taxes, and a transferable minority equity ownership interest in Trimmune with a fair value of $3.5 million, whereupon the transaction was deemed closed and the contract was binding.

In addition, the Company is eligible to receive up to $16.0 million in development and regulatory milestone payments, royalties on future product sales, and a share of proceeds from certain future transactions involving the licensed molecule. Trimmune is responsible for all research, development, manufacturing, regulatory, and commercialization costs in its territory, including the Phase 1 clinical trial in China. Following completion of that trial, the Company has a payment-free, milestone-free, and royalty-free option (the "Opt-in Right") to recapture development and commercialization rights to HCW11-006 in the United States, Canada, Central America, and South America (the "Opt-in Territory"). If the Company exercises its Opt-in Right, it will be responsible for the costs of clinical development in its territory.

Because the Trimmune License and the equity interest were negotiated as a package with a single commercial objective, the Company combined and accounted for them as a single arrangement under ASC 606. The equity interest represents non-cash consideration, measured at its fair value of $3.5 million at contract inception. The corresponding equity investment is accounted for under the measurement alternative in ASC 321. The Company identified two distinct performance obligations: (i) the delivery of licensed intellectual property— comprising the licensed patent rights, licensed know-how, a related license to HCW9109, and a technology transfer (collectively, the "Licensed IP"); and (ii) post-transfer development services consisting of an improved cell line and a master cell bank (collectively, the "Services"). The transaction price at inception was $6,650,000, reflecting the $7.0 million in upfront consideration, less $350,000 that was carved out as a contract liability related to prepaid optional post-transfer services. Development and regulatory milestone payments, royalties, and sales-based sublicensing consideration are fully constrained at inception and excluded from the transaction price. Non-sales-based sublicensing consideration remains constrained until the related uncertainty is resolved.

The Company allocated the transaction price to the two performance obligations using a relative standalone selling price basis. The standalone selling price of the Services was estimated using contemporaneous third-party Contract Research Organization ("CRO") and Contract Manufacturing Organization ("CMO") contracted pricing. The standalone selling price of the Licensed IP was estimated using the residual approach. The Licensed IP has significant standalone functionality and the Company does not expect to undertake activities that will change that functionality. Accordingly, the license is a right to use the Company's functional intellectual property, and revenue allocated to the Licensed IP performance obligation was recognized at the point in time control of the Licensed IP transferred to Trimmune. Trimmune simultaneously receives and consumes the benefits of the Services as they are performed; accordingly, revenue allocated to the Services is recognized over time using a cost-to-cost measure of progress. Milestone payments will be recognized when the related constraint is resolved, typically upon achievement of the underlying clinical or regulatory event. Royalties and sales-based sublicensing consideration will be recognized when the underlying sales occur. The Opt-in Right is not a repurchase feature and does not require deferral of revenue at inception. If exercised, the Opt-in Right will be accounted for as a contract modification at that time.

For the three and nine months ended September 30, 2026, the Company recognized $51,169 and $6.7 million of revenue, respectively, under the Trimmune License. For the three months ended September 30, 2026, revenues were comprised of $51,169 of Services revenue. For the nine months ended September 30, 2026, revenues were comprised of $6.3 million allocated to the Licensed IP recognized at closing and $402,899 of Services revenue. As of September 30, 2026, a contract liability of $297,101 was reported in the accompanying condensed balance sheet. This represents $15,000 of remaining Services consideration and a $282,101 prepayment associated with the optional post-transfer services. There were no indications of impairment in the equity interest in Trimmune, thus as of September 30, 2026, the Company continued to report an investment in Trimmune of $3.5 million in Investments in the accompanying condensed balance sheet. See Note 1. Organization and Significant Accounting Policies – Investments.

Transaction Price and Contract Liability as of September 30, 2026

	Transaction Price	Revenue Recognized As of September 30, 2026	Contract Liability
Licensed IP	$ 6,300,000	$ 6,300,000	$ -
Prepaid technology transfer costs	500,000	217,899	282,101
Master Cell Bank	200,000	185,000	15,000
	$ 7,000,000	$ 6,702,899	$ 297,101

Trimmune is a variable interest entity. Through equity ownership in Trimmune, licensing fees, Opt-In Rights, milestone payments and other potential payments, the Company has variable interests. As of the closing date of the Trimmune License, the Company concluded that it is not the primary beneficiary and should not consolidate the entity. Subsequently, there have been no reconsideration events that could change the conclusion. The Company has no control over the operating and business activities that most significantly impact Trimmune's economic performance. The Company has contractually agreed to cede its voting rights as they relate to operations of the entity. This was accomplished through a voting rights agreement in which all shares are voted by the Chief Executive Officer of Trimmune and an agreement related to voting on the joint steering committee by which the Company agreed that Trimmune will have the tie-breaking vote. As a result, the Company's role is to act as an advisor and expert for technical advice, but it does not have any power to control the activities of the entity. The Company's exposure to loss is limited to its investment and rights under the contractual arrangement with Trimmune. Risk of economic loss is borne by Trimmune's investors, who are not related parties with the Company. The Company is not obligated to participate in future investment rounds in Trimmune, nor does the Company have contractual obligations or guarantees to Trimmune or any of its employees or investors.

Recapture of Rights – Termination of AlloTera Therapeutics License

On May 21, 2026, the Company elected to exercise its option to terminate the exclusive worldwide license agreement with AlloTera Therapeutics, Inc. (the "AlloTera Therapeutics License"), whereupon the Company recaptured the worldwide exclusive *ex vivo* rights to the Company's molecules HCW9201 and HCW9206, for no cost. The termination was made pursuant to Section 1(b) of the 12-month suspension letter agreement the parties entered into on May 29, 2025. The Company retained its 2.2 million shares of AlloTera Therapeutics common stock, which were transferred to the Company as an in-kind nonrefundable upfront license fee.

Distribution Agreement for Commercial-Ready Reagents

On September 4, 2026, the Company entered into an Exclusive Distribution Agreement (the "Distribution Agreement") with Akron Biotech ("Akron"), a leading manufacturer of ancillary materials and a contract development and manufacturing organization for the distribution of the Company's commercial-ready molecule, HCW11-006, for use as a reagent in cell therapy manufacturing and other ex vivo applications. The closing is subject to the satisfactory completion of due diligence and product testing but will occur no later than November 30, 2026.

6. Sale of Common Stock and Warrants

May 2025 Equity Financing

On May 13, 2025, the Company entered into a securities purchase agreement with a single institutional investor (the "Investor") for the issuance and sale of (i) 26,334 shares of the Company's Common Stock and (ii) pre-funded warrants to purchase up to 85,524 shares of Common Stock (the "Pre-Funded Warrants") in a follow-on public offering (the "May 2025 Offering"), pursuant to a registration statement filed under Rule 424(b)(4) (File No. 333-287136), which was declared effective by the SEC on May 15, 2025. The Company also issued warrants to purchase up to an aggregate of 223,714 shares of Common Stock ("Common Stock Warrants").

The gross proceeds to the Company from the May 2025 Offering were approximately $5.0 million before deducting the placement agent's fees and other offering expenses of $802,602 payable by the Company. The May 2025 Offering closed on May 15, 2025. In this financing, the Company issued shares of Common Stock or Pre-Funded Warrants that may be exercised to purchase Common Stock in lieu thereof, and warrants that may be exercised to purchase Common Stock. In a contemporaneous private agreement entered into with the Investor, the Company agreed to reprice warrants to purchase up to 27,988 shares of Common Stock that were issued to the Investor in a financing that closed on November 20, 2024. The Company estimated the fair value of the securities issued, using the Black Scholes valuation model to estimate the fair value of the warrants, and determined the fair value of securities issued was $15.2 million. As this was a transaction with an existing stockholder, the Company recognized a $10.2 million deemed equity dividend to the Investor which was recorded in additional-paid-in capital for the period ended December 31, 2025 in the accompanying condensed balance sheet and as an Equity dividend to investors for the nine months ended September 30, 2025 in the accompanying condensed statement of operations.

Both the Common Stock Warrants and Pre-Funded Warrants were classified as a component of permanent stockholders' equity within additional paid-in-capital and were recorded at the issuance date. The Common Stock Warrants and Pre-Funded Warrants are equity classified because they are freestanding financial instruments that are legally detachable and separately exercisable from the equity instruments, are immediately exercisable, do not embody an obligation for the Company to repurchase its shares, permit the holders to receive a fixed number of shares of Common Stock upon exercise, are indexed to the Company's Common Stock and meet the equity classification criteria. In addition, the Common Stock Warrants and the Pre-Funded Warrants do not provide any guarantee of value or return.

During the second quarter of 2025, all Pre-Funded Warrants issued in the May 2025 offering had been exercised. The May 2025 Common Warrants exercisable for up to 223,714 shares of Common Stock, together with the November 2024 Common Warrants (as repriced in connection with the May 2025 offering) exercisable for up to 27,988 shares of Common Stock, were subsequently exercised in the November 2025 inducement transaction discussed below.

Inducement Transaction and Shares held in Abeyance

On November 19, 2025, the Company entered into a warrant inducement agreement with the Investor (the "Inducement Agreement"), pursuant to which the Investor agreed to immediately exercise in full all of its outstanding Common Stock Warrants originally issued on November 20, 2024 (as amended on May 15, 2025) and on May 15, 2025 to purchase 251,702 shares of Common Stock, resulting in aggregate gross proceeds to the Company of approximately $4.0 million before fees and expenses. At closing, the Company issued 49,834 shares and held 201,868 shares in abeyance, until such time as the Investor requested issuance.

In consideration for the immediate exercise of the Common Stock Warrants, the Company issued to the Investor, in a private placement pursuant to Section 4(a)(2) of the Securities Act, new Common Stock Warrants to purchase up to 503,402 shares of Common Stock at an exercise price of $14.46 per share. In a private transaction entered into contemporaneously with the February 2026 Sale of Common Stock and Warrants discussed below, the Company agreed to an amendment to reduce the exercise price of these Common Stock Warrants to $3.633 per share, which was approved by the Company's stockholders on June 15, 2026 at the Annual Meeting of Stockholders.

As of December 31, 2025 and September 30, 2026, there were 162,834 shares and no shares of Common Stock held in abeyance, respectively.

February 2026 Sale of Common Stock and Warrants

On February 17, 2026, the Company entered into a securities purchase agreement ("February 2026 SPA") with the Investor, pursuant to which the Company issued 412,882 units (the "Units") consisting of (i) 412,882 pre-funded warrants (the "Pre-Funded Warrants") to purchase up to 412,882 shares of Common Stock, and (ii) up to 412,882 Common Stock purchase warrants (the "Common Warrants", and together with the Pre-Funded Warrants, the "Warrants") to purchase up to 412,882 shares of Common Stock. The issuance of the Common Warrants was subject to stockholder approval, which was obtained at the Company's Annual Meeting of Stockholders held on June 15, 2026. The securities were offered pursuant to a registration statement on Form S-1, as amended (File No. 333-293396), which was declared effective by the Securities and Exchange Commission on February 17, 2026.

The combined purchase price for each Unit consisting of one Pre-Funded Warrant that may be exercised for one share of Common Stock and an accompanying Common Stock Warrant to purchase one share of Common Stock was $3.6329. The Common Stock Warrants have an exercise price of $3.633 per share and expire on the five-year anniversary of receipt of stockholder approval. The Pre-Funded Warrants have an exercise price of $0.0001, are exercisable immediately and will not expire until exercised in full.

On February 17, 2026, the Company also entered into a privately negotiated agreement with the Investor, which holds certain existing outstanding warrants to purchase up to 503,402 shares of Common Stock (the "Existing Warrants"), which were issued in the November 2025 Inducement Transaction, and agreed to reprice these warrants from $14.46 to $3.633, which was approved by the Company's stockholders on June 15, 2026 at the Annual Meeting of Stockholders.

Stockholder approval was required for the warrants issued or modified in the February 2026 transaction in order to comply with Nasdaq Stock Market Rules. Nasdaq Stock Rule 5635(d) is referred to as the "Nasdaq 20% Rule." In order to comply with the Nasdaq 20% Rule, the Company must seek stockholder approval to permit the potential issuance of more than 19.99% of outstanding Common Stock upon exercise of the Common Warrants in accordance with their terms. To meet the Nasdaq 20% Rule, the Company required stockholder approval under the listing rules of Nasdaq to remove the Exchange Cap provisions in the February 2026 SPA to permit the potential issuance of more than 20% of its outstanding Common Stock in accordance with the terms of the SPA.

The gross proceeds to the Company from the February 2026 Offering were approximately $1.5 million before deducting the placement agent's fees and other offering expenses of $389,056 payable by the Company. The offering closed on February 19, 2026.

The Investor may not exercise any portion of the Common Stock Warrants to the extent it would beneficially own more than the limits defined in the respective Warrant Purchase Agreement. The exercise price and number of shares of Common Stock issuable upon the exercise of the Common Stock Warrants are subject to adjustment in the event of any stock dividends and distributions, stock splits, stock combinations or stock reclassifications, as described in the respective warrant agreements. Under certain circumstances, the warrants may be exercised on a "cashless" basis.

The fair value of the Common Stock Warrants issued in this transaction was estimated at $1.3 million using the Black-Scholes option pricing model with assumptions including a term of 5 years, volatility of 131.8% and a risk-free rate of 3.57%. The change in fair value of the Existing Warrants which were amended to lower the exercise price from $14.46 to $3.633 per share was estimated at $193,910 using the Black Scholes pricing model with the assumptions including a term of 5.26 years, volatility of 131.8% and a risk-free rate of 3.57%. As this was a transaction with an existing stockholder, the difference between the gross proceeds of $1.5 million and the fair value of securities issued and the modification of the warrant, or $3.0 million, was deemed to be an equity dividend to the Investor, which was recorded in additional-paid-in capital as of September 30, 2026.

On March 16, 2026, the Investor exercised all of its Pre-Funded Warrants issued from the February 2026 offering, and the Company issued 412,882 shares of Common Stock. As of September 30, 2026, there were no Pre-Funded Warrants outstanding that were purchased in the February 2026 transaction.

February 2026 Offering and Warrant Classification

The February 2026 Common Stock Warrants that may be exercised to purchase up to 412,882 shares of Common Stock issued on February 17, 2026 were classified as a component of permanent stockholders' equity within additional paid-in-capital and were recorded at the issuance date. The Common Stock Warrants are equity classified because they are freestanding financial instruments that are legally detachable and separately exercisable from the equity instruments, are immediately exercisable, do not embody an obligation for the Company to repurchase its shares, permit the holders to receive a fixed number of shares of Common Stock upon exercise, are indexed to the Company's Common Stock and meet the equity classification criteria. In addition, the Common Warrants and the Pre-Funded Warrants do not provide any guarantee of value or return.

As of March 31, 2026, upon modification of the November 2025 Common Stock Warrants on February 17, 2026, these warrants were reclassified from equity to a warrant liability due to a contingency in the settlement terms, and the Company recognized a warrant liability measured at fair value. Upon stockholder approval of the new strike price of $3.633 per share on June 15, 2026, the contingent strike price adjustment was resolved and all requirements for equity classification were met. As of June 15, 2026, the Company remeasured the November 2025 Common Stock Warrants at fair value and then reclassified them to permanent equity. See Note 2. Fair Value of Financial Instruments.

May 2026 Sale of Common Stock and Warrants

On May 21, 2026, the Company completed a private placement with existing accredited investors, including the Investors in which it entered into a Securities Purchase Agreement (the "May 2026 SPA"), pursuant to which the Company agreed to issue and sell an aggregate of 474,496 units, with each unit consisting of (i) one share of the Company's common stock, par value $0.0001 per share (the "Common Stock" or "Shares"), at a purchase price of $7.68 per Share, or, in lieu thereof, one pre-funded warrant, and (ii) one warrant to purchase one share of Common Stock (the "Common Stock Warrants") at a purchase price of $0.75 per Common Warrant. The units were sold at a purchase price of $8.43 per unit, and the Shares or Pre-Funded Warrants and Common Warrants comprising the units are immediately separable and were issued separately. In lieu of Shares that would otherwise result in a purchaser's beneficial ownership exceeding 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to the issuance of such Shares, certain purchasers elected to receive pre-funded warrants (the "Pre-Funded Warrants") at a purchase price of $7.6799 per Pre-Funded Warrant (equal to the per Share purchase price less $0.0001). Each Pre-Funded Warrant is exercisable immediately upon issuance for one share of Common Stock at an exercise price of $0.0001 per share and will remain exercisable until exercised in full. Each Common Stock Warrant is exercisable immediately upon issuance for one share of Common Stock at an exercise price of $7.68 per share and will expire on the five and one-half year anniversary of the original issuance date. The shares of Common Stock issuable upon exercise of the Pre-Funded Warrants and the Common Stock Warrants are referred to herein as the "Warrant Shares."

Pursuant to the May 2026 SPA, the Company issued and sold an aggregate of 71,174 Shares, 403,322 Pre-Funded Warrants, and Common Warrants to purchase an aggregate of up to 474,496 shares of Common Stock for aggregate gross proceeds of approximately $4.0 million at the closing, before deducting fees payable to the placement agent and other offering expenses payable by the Company. The Investors included officers, directors and significant stockholders. Scott Garrett, Chairman of our board of directors, purchased $250,000 of securities, Hing C. Wong, our Founder and Chief Executive Officer, purchased $160,000 of securities, and Rebecca Byam, our Chief Financial Officer, purchased $20,000 of securities. Such purchases were made on the same terms and conditions as those offered to other investors.

In connection with the May 2026 SPA, the Company also entered into a Registration Rights Agreement with the Investors (the "Registration Rights Agreement"), pursuant to which the Company agreed to provide certain registration rights with respect to the resale of the Shares and the Warrant Shares. On June 18, 2026, the SEC declared effective a resale registration statement on Form S-1 (File No. 333-296577) covering the resale of shares of Common Stock and warrants issued in this private placement.

The Common Warrants may not be exercised to the extent that, after giving effect to such exercise, the holder would beneficially own more than 4.99% of the number of shares of Common Stock outstanding immediately after giving effect to such exercise.

On June 22, 2026, the holder exercised all Pre-Funded Warrants issued in the May 2026 offering, and the Company issued 403,322 shares of Common Stock.

July 2026 Sale of Common Stock and Warrants

On July 29, 2026, the Company entered into a Securities Purchase Agreement (the "July 2026 SPA") with certain accredited investors (each, an investor, and collectively, the "Investors"), pursuant to which the Company agreed to issue and sell an aggregate of 618,682 units (the "Units"), with each Unit consisting of (i) one share of the Company's Common Stock, or, in lieu thereof, one pre-funded warrant to purchase one share of Common Stock (the "Pre-Funded Warrants"), and (ii) the right to receive one common stock purchase warrant (the "Common Warrants") to purchase one share of Common Stock upon, and subject to, stockholder approval of the issuance of the Common Warrants. The Units were sold at a purchase price of $2.585 per Unit consisting of one share of Common Stock and the right to receive one Common Warrant and $2.5849 per Unit consisting of one Pre-Funded Warrant and the right to receive one Common Warrant. The Common Stock (or Pre-Funded Warrants) and Common Warrants comprising the Units are immediately separable and will be issued separately, the Common Warrants to be issued only upon, and subject to, stockholder approval thereof, which the Company is obligated to seek pursuant to the terms of the Purchase Agreement.

Pursuant to the July 2026 SPA, the Company agreed to issue and sell Units that include an aggregate of 218,682 shares of Common Stock and 400,000 Pre-Funded Warrants for aggregate gross proceeds of approximately $1.6 million before deducting offering expenses payable by the Company. The Company intends to use the net proceeds from the offering for working capital and general corporate purposes, including continuing clinical development activities.

The Pre-Funded Warrants have an exercise price of $0.0001 per share, are exercisable immediately and will remain exercisable until exercised in full. The Pre-Funded Warrants may not be exercised to the extent that, after giving effect to such exercise, the holder would beneficially own more than 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to such exercise.

The Investors are entitled to receive Common Warrants exercisable for an aggregate of up to 618,682 shares of Common Stock. Under the terms of the July 2026 SPA, issuance of the Common Warrants is subject to stockholder approval required under Nasdaq Listing Rule 5635(d). Following receipt of such stockholder approval, the Company will issue the Common Warrants to the Investors. The Common Warrants will have an exercise price of $2.585 per share, be exercisable immediately upon issuance and expire on the date that is five and one-half (5.5) years from the date of issuance. The Common Warrants will contain a beneficial ownership limitation of 4.99%, subject to adjustment by the holder in accordance with their terms.

In connection with the July 2026 SPA, Hing C. Wong, Ph.D., the Company's Founder and Chief Executive Officer, Scott Garrett, a member and the Chairman of the Company's Board of Directors, and Lee Flowers, the Company's Senior Vice President of Business Development, participated in the private placement on the same terms and conditions as the other Investor and invested an aggregate of $100,000.

In connection with the July 2026 SPA, the Company also entered into a Registration Rights Agreement with the Investors (the "Registration Rights Agreement"), pursuant to which the Company agreed to provide certain registration rights with respect to the resale of the Shares and the Warrant Shares. On August 31, 2026, the SEC declared effective a resale registration statement on Form S-1 (File No. 333-298452) covering the resale of shares of Common Stock and warrants issued in this private placement. On September 1, 2026, the holder exercised all outstanding Pre-Funded Warrants issued in connection with this transaction, and the Company issued 400,000 shares of Common Stock.

September 2026 Sale of Common Stock and Warrants

On September 23, 2026, the Company entered into a Securities Purchase Agreement (the "September 2026 SPA") with an existing institutional investor (the "Investor"), pursuant to which the Company agreed to issue and sell an aggregate of 903,614 units (the "Units"), with each Unit consisting of (i) one pre-funded warrant (the "Pre-Funded Warrants") to purchase one share of the Company's common stock, par value $0.0001 per share, (the "Common Stock") and (ii) the right to receive one common stock purchase warrant (the "Common Warrants") to purchase one share of Common Stock upon, and subject to, stockholder approval of the issuance of the Common Warrants. The Units were sold at a purchase price of $1.6599 per Unit. The Pre-Funded Warrants and rights to receive Common Warrants comprising the Units are immediately separable and will be issued separately, the Common Warrants to be issued only upon, and subject to, stockholder approval thereof, which the Company is obligated to seek pursuant to the terms of the September 2026 SPA. Maxim Group LLC acted as the sole placement agent for this offering.

Pursuant to the September 2026 SPA, the Company agreed to issue and sell Units that include an aggregate of 903,614 Pre-Funded Warrants for aggregate gross proceeds of approximately $1.5 million before deducting offering expenses payable by the Company. The Company intends to use the net proceeds from the offering for working capital and general corporate purposes, including continuing clinical development activities.

The Pre-Funded Warrants have an exercise price of $0.0001 per share, are exercisable immediately and will remain exercisable until exercised in full. The Pre-Funded Warrants may not be exercised to the extent that, after giving effect to such exercise, the holder would beneficially own more than 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to such exercise.

The Investor is entitled to receive Common Warrants exercisable for an aggregate of up to 903,614 shares of Common Stock. Under the terms of the September 2026 SPA, issuance of the Common Warrants is subject to stockholder approval required under Nasdaq Listing Rule 5635(d). Following receipt of such stockholder approval, the Company will issue the Common Warrants to the Investor. The Common Warrants will have an exercise price of $1.66 per share, be exercisable immediately upon issuance and expire on the date that is five and one-half (5.5) years from the date of issuance. The Common Warrants will contain a beneficial ownership limitation of 4.99%, subject to adjustment by the holder in accordance with their terms.

In connection with the September 2026 SPA, the Company also entered into a Registration Rights Agreement with the Investors (the "Registration Rights Agreement"), pursuant to which the Company agreed to provide certain registration rights with respect to the resale of the Shares and the Warrant Shares. On October 9, 2026, the SEC declared effective a resale registration statement on Form S-1 (File No. 333-299271) covering the resale of shares of Common Stock and warrants issued in this private placement. On October 13, 2026, the holder exercised Pre-Funded Warrants issued in this transaction to purchase 755,614 shares of Common Stock, and on October 23, 2026, the holder exercised Pre-Funded Warrants issued in this transaction to purchase 148,000 shares of Common Stock.

Participating Warrants

Certain warrants issued by the Company are participating warrants. Under U.S. GAAP, participating warrants are instruments that grant the holder the right to receive non-forfeitable dividends or dividend equivalents on an equal basis with common stockholders before exercise. Because they are considered "participating securities," the Company utilizes the two-class method to calculate and report basic and diluted Earnings Per Share (EPS). See Note 9. Net Loss per Share.

As of September 30, 2025, outstanding participating warrants included: November 2024 Common Stock Warrants to purchase up to 27,988 shares of Common Stock, May 2025 Common Stock Warrants to purchase up to 223,714 shares of Common Stock, and Conversion Common Stock Warrants issued to the Noteholders who converted Secured Notes to equity to purchase up to 21,099 shares of Common Stock.

As of September 30, 2026, outstanding participating warrants included: November 2025 Common Stock Warrants to purchase up to 503,402 shares of Common Stock and Conversion Common Stock Warrants to purchase up to 21,099 shares of Common Stock.

7. Standby Equity Purchase Agreement

On February 20, 2025, the Company entered into an Equity Purchase Agreement (the "Equity Purchase Agreement") with Square Gate Capital Master Fund, LLC - Series 4 ("Square Gate"), which the Company deemed to be a Standby Equity Purchase Agreement ("SEPA"). Under the Equity Purchase Agreement, the Company will have the right, but not the obligation, to sell to Square Gate, and Square Gate will have the obligation to purchase from the Company, up to $20,000,000 (the "Maximum Commitment Amount") worth of the Company's shares of Common Stock, at the Company's sole discretion, over the next 36 months (the "Put Shares"), subject to certain conditions precedent and other limitations. Square Gate has covenanted not to cause or engage in any short sales or hedging transactions with respect to the shares of the Company's Common Stock. The Maxim Group LLC acted as the Company's exclusive Placement Agent in connection with this transaction.

On August 14, 2025, the Company and the Square Gate entered into a First Amendment to the Equity Purchase Agreement to provide a mechanism for submission by the Company and acceptance by the Square Gate of Put Notices under the Equity Purchase Agreement pursuant to which the Square Gate and the Company may agree to and execute multiple purchases and sales of Put Shares on the same trading day. Under the First Amendment, among other things, the purchase price of the intraday Put Shares will be the lowest traded price during a specified shortened valuation time period.

Unless earlier terminated, the Equity Purchase Agreement will remain in effect until the earlier of February 18, 2028 (i.e., the expiry of the 36-month period commencing on the date of the Equity Purchase Agreement) or the date on which Square Gate has purchased the Maximum Commitment Amount (the "Commitment Period"). The Company has the right to terminate the Equity Purchase Agreement at any time, subject to certain provisions as set forth in the Equity Purchase Agreement. Square Gate has the right to terminate the Equity Purchase Agreement under certain provisions as set forth in the Equity Purchase Agreement, including the continued listing of the Company's Common Stock on an Eligible Market.

As of September 30, 2025, the Company concluded that the Equity Purchase Agreement for Standard Put Shares does not qualify for equity classification. On the effective date, the Company concluded that the fair value of the Equity Purchase Agreement at inception was zero and no asset or liability was recorded. As a result, fees paid to Square Gate in excess of the fair value of the Equity Purchase Agreement were expensed as incurred. Any issuance costs or other transaction costs attributable to a freestanding equity-linked financial instrument that is classified as an asset or liability should be recognized in earnings in the period incurred.

The Commitment Fee was paid in-kind with an equivalent value of shares of the Company's Common Stock. On March 12, 2025, the Company issued 1,603 shares of the Company's Common Stock to Square Gate in payment of the Commitment Fee. At the Special Meeting of Stockholders held on March 31, 2025, stockholders approved the Company's use of the Equity Purchase Agreement. Pursuant to the Registration Agreement, the Company filed a registration statement to register the underlying shares. On April 16, 2025, the SEC declared a registration statement effective to register the Commitment Shares and shares required to sell up to $40.0 million of the Company's shares to Square Gate, according to provisions of the Equity Purchase Agreement. The Commitment Fee and issuance costs for the registration statement to register the underlying shares of Common Stock issued under the Equity Purchase Agreement were expensed.

In the three and nine months ended September 30, 2025, the Company issued 475,000 shares of Common Stock through the SEPA for proceeds of $2.2 million, $2.0 million of which settled as of September 30, 2025. In the three months ended September 30, 2026, the Company did not issue any shares through its SEPA.

For the nine months ended September 30, 2025, the Company expensed the $150,000 Commitment Fee in the accompanying condensed statement of operations.

8. Preferred Stock

As of December 31, 2025 and September 30, 2026, the Company had 10,000,000 shares of preferred stock authorized and no shares of preferred stock issued.

9. Net Loss Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2026	2025	2026
Numerator:				
Net loss	$ (4,554,336)	$ (3,222,829)	$ (8,678,941)	$ (4,969,581)
Equity dividend to investor	—	(2,718,837)	(10,153,799)	(14,361,951)
Net loss attributable to Common Stockholders	$ (4,554,336)	$ (5,941,666)	$ (18,832,740)	$ (19,331,532)
Denominator:				
Weighted-average common shares outstanding, basic and diluted	376,678	2,101,872	276,889	1,448,485
Net loss per share, basic and diluted	$ (12.09)	$ (2.83)	$ (68.02)	$ (13.35)

The following table summarizes the outstanding warrants provision to participate in distribution of earnings. For the three and nine months ended September 30, 2025 and 2026, these securities were excluded in the calculation for distribution of net loss:

	September 30,	
	2025	2026
November 2024 warrants	27,988	—
May 2025 warrants	223,714	—
Warrants from Debt Conversion	21,099	21,099
November 2025 warrants	—	503,402
Potentially participating warrants	272,801	524,501

The following table summarizes the outstanding potentially dilutive securities. For the three and nine months ended September 30, 2025 and 2026, these securities were excluded in the calculation of diluted net loss per share because their inclusion would be anti-dilutive:

	September 30,	
	2025	2026
Common stock options	7,371	7,367
Common stock warrants	272,801	1,411,780
Potentially dilutive securities	280,172	1,419,147

10. Income Taxes

The Company accounts for income taxes under ASC 740, Income Taxes. The income tax provision for interim periods is determined using an estimated annual effective tax rate, adjusted for discrete items, if any, recognized in the period in which they occur.

For the nine months ended September 30, 2025 and 2026, the Company recorded an income tax provision of $0 and $330,186 on pre-tax losses of $8.68 million and $4.64 million for effective tax rates of 0% and (7.12)%, respectively. The effective tax rate differed from the statutory rate primarily because the Company recorded foreign withholding tax expense on China licensing revenue while receiving no corresponding U.S. tax benefit due to its full valuation allowance.

The following are income taxes paid by jurisdiction:

	Nine Months Ended September 30,	
	2025	2026
Income Tax Payments - U.S. Federal	$ —	$ —
Income Tax Payments - U.S. States	—	—
China - Income tax payments, net of refunds	—	330,186
Total income taxes paid	$ —	$ 330,186

11. Segment Reporting

HCW Biologics Inc. has one reportable segment: life science. The life science segment consists of operations focused on discovering and developing novel immunotherapies to lengthen health span by disrupting the link between chronic, low-grade inflammation and diseases. The Company's CODM is the chief executive officer.

The accounting policies of the life science segment are the same as those described in the summary of significant accounting policies. The CODM assesses performance for the life science segment based on net segment income (loss). The measure of segment assets is reported on the condensed balance sheet as total assets.

The Company has not generated any product revenue from commercial product sales of internally-developed immunotherapeutic products for the treatment of diseases, as no products have been approved for commercial sale as of September 30, 2026. The Company expects to continue to incur significant expenses and operating losses for the foreseeable future as it advances molecules through all stages of development and clinical trials and, ultimately, seek approval for commercial sale.

As such, the CODM uses cash forecast models in deciding how to invest into the life science segment. Such cash forecast models are reviewed to assess the entity-wide operating results and performance in conjunction with monitoring the results of R&D experiments for preclinical compounds and clinical trial data for clinical-stage compounds. The assessment of results of preclinical and clinical studies is critical to the allocation of resources by the CODM.

The tables below summarize the significant expense categories regularly reviewed by the CODM for the three and nine months ended September 30, 2025 and 2026**:**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	**2026**	**2025**	**2026**
Revenues:				
Revenues	$ 15,606	$ 55,463	$ 27,222	$ 6,734,032
Cost of revenues	(12,485)	(27,345)	(21,777)	(267,871)
Gross profit	3,121	28,118	5,445	6,466,161
Operating expenses:				
Research and development expenses				
Salaries, benefits and related expenses	801,504	765,859	2,281,050	2,305,557
Manufacturing and materials	50,259	28,590	347,042	45,704
Preclinical expenses	315,725	238,661	639,785	615,144
Clinical trials	80,358	71,370	379,113	300,146
Overhead allocations	156,401	138,097	462,792	437,326
Total research and development expenses	1,404,247	1,242,577	4,109,782	3,703,877
General and administrative				
Salaries, benefits and related expenses	699,989	522,879	2,254,015	1,569,696
Professional services[(a)]	552,371	386,736	1,503,381	1,376,711
Facilities and office expenses	125,521	109,641	331,588	326,434
Depreciation expenses	58,451	48,206	178,849	152,076
Rent and occupancy expenses	39,633	41,276	151,911	128,325
Insurance	254,617	162,102	815,484	385,523
Taxes	39,607	72,028	133,775	285,966
Other expenses	99,303	13,909	427,484	806,872
Total general and administrative expenses	1,869,492	1,356,777	5,796,487	5,031,603
Net segment loss	(3,270,618)	(2,571,236)	(9,900,824)	(2,269,319)
Other segment items[(b)]	1,283,718	651,593	(1,221,883)	2,370,076
Net loss before income taxes	**$ (4,554,336)**	**$ (3,222,829)**	**$ (8,678,941)**	**$ (4,639,395)**

(a) Professional services consist primarily of audit and accounting advisory services, tax advisory services, corporate legal services and other services related to SEC compliance, and legal fees related to patent filings.

(b) Other segment items include the following unusual or nonrecurring item that comprise other segment items for the three and nine months ended September 30, 2025 and 2026:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	**2026**	**2025**	**2026**
Arbitration legal fees (recoveries), net	$ 6,006	$ 9,058	$ (1,590,945)	$ 14,583
Accretion of fixed bonus upon maturity of Secured Notes	15,502	9,609	390,809	38,435
Interest expense	127,070	141,797	632,923	351,612
Indirect tax expense	—	—	—	198,146
Change in fair value of investment, net	2,022,109	—	(1,474,935)	—
Change in fair value of contingent liability, net	(1,055,825)	—	692,531	—
Change in fair value of warrant liability	—	—	—	1,775,992
Gain on extinguishment of liability	—	—	—	(483,383)
Loss on return of equipment	—	494,683	—	494,683
Loss on sale of put shares	182,146	—	182,146	—
Other income, net	(13,290)	(3,554)	(54,412)	(19,992)
Other segment items	**$ 1,283,718**	**$ 651,593**	**$ (1,221,883)**	**$ 2,370,076**

12. Commitments and Contingencies

Operating Leases

The Company has operating leases for approximately 12,250 square feet of space located in Miramar, Florida. On January 27, 2025, the Company entered into a one-year lease for the same location which commenced on March 1, 2025 and terminated on February 28, 2026. On February 2, 2026, the Company entered into a one-year lease for the same location which commenced on March 1, 2026 and terminates on February 28, 2027. FASB ASC 842, Leases, provides for an exception for short-term leases in ASC 842-20-25-2, whereby a lessee may elect to recognize lease payments in profit or loss on a straight-line basis over the lease term and forego the requirement to recognize a ROU asset and lease liability. The Company elected to account for its short-term operating leases on a straight-line basis over the lease term and did not recognize a ROU asset or lease liability, as allowed for under the exception in ASC 842-20-25-2. The Company has no obligations under financing leases.

For the three months ended September 30, 2025 and 2026, rent expense recognized by the Company was $52,619 and $55,715, respectively, of which $27,557 and $29,178, respectively, are included in research and development in the accompanying condensed statements of operations. For the nine months ended September 30, 2025 and 2026, rent expense recognized by the Company was $155,794 and $165,080, respectively, of which $81,590 and $86,453, respectively, are included in research and development in the accompanying condensed statements of operations.

Contractual Commitments

The Company has commitments with R&D outsourcing and development companies to supply us with clinical grade materials or other development services. As of September 30, 2026, it is under contract for future obligations of $33,080 it expects to pay during the year ending December 31, 2026.

Legal Matters

Legal Proceedings

From time to time, the Company is a party to or otherwise involved in legal proceedings, including suits, assessments, regulatory actions and investigations generally arising out of the normal course of business. In addition, the Company enters into agreements that may include indemnification provisions, pursuant to which the Company agrees to indemnify, hold harmless and defend the indemnified parties for losses suffered or incurred by the indemnified party. When the Company believes that the outcome of such a matter will result in a liability that is probable to be incurred and result in a potential loss, or range of loss, that can be reasonably estimated, the Company will accrue a liability and make the appropriate disclosure in the footnotes to the condensed financial statements.

Arbitration, Settlement and General Release

As of July 13, 2024, the Company and Dr. Hing C. Wong, the Company's Founder and Chief Executive Officer, entered into a confidential Settlement Agreement with Altor BioScience, LLC ("Altor"), NantCell, Inc. ("NantCell"), and ImmunityBio, Inc. (the parent of Altor and NantCell, together with Altor and NantCell, "ImmunityBio"), to resolve the previously disclosed Arbitration. The Arbitration and related Complaint were dismissed with prejudice as of December 31, 2024.

In January 2025, the Company received a $2.0 million insurance reimbursement which was paid directly to Cooley LLP ("Cooley"), the law firm that represented Dr. Wong in his defense in the Arbitration. On December 30, 2025, the Company entered a settlement agreement with Cooley LLP ("Cooley") related to the remaining balance of $7.5 million still outstanding for the payment of legal fees incurred in connection the defense of Dr. Hing C. Wong, the Company's Founder and Chief Executive Officer. As a result of that agreement, the Company, Dr. Wong and Cooley agreed to settle a $7.5 million obligation for $2.0 million in cash and contingent payments up to $5.5 million upon achievement of certain triggering events, all of which were deemed to be remote as of December 31, 2025 and September 30, 2026. During the nine months ended September 30, 2026, the Company paid Cooley $760,000. On October 27, 2026, the parties amended the terms of their agreement. See Note 13. Subsequent events.

As of September 30, 2026, the Company reported a liability of $5.4 million for remaining amounts owed for legal fees related to the Arbitration within Accounts payable on the accompanying condensed balance sheet.

Legal Matters related to Real Estate

During the year ended December 31, 2025, certain subcontractors had filed mechanics liens related to unpaid invoices issued in connection with the construction and renovation of a property owned by the Company. On April 17, 2025, the Company received a summons and a copy of a complaint filed by BE&K in the Circuit Court of the 17th Judicial Circuit in and for Broward County, Florida (the "BE&K Complaint"). Other Defendants named in the BE&K Complaint who are subcontractors elected to file counterclaims and cross-claims as part of their responses to the BE&K Complaint. As of September 30, 2026, the Company reported a payable of $2.2 million within Accounts payable on the accompanying condensed balance sheet. See Note 13. Subsequent Events.

On June 26, 2026, as part of a settlement with B&I Contractors, Inc. ("B&I"), we received notice that B&I had filed a voluntary dismissal with prejudice of its crossclaims against us in the matter *BE&K Building Group, LLC v. HCW Biologics Inc., et al.* pending in the Circuit Court of the Seventeenth Judicial Circuit in and for Broward County, Florida. The matter arose from a mechanics' lien filed by B&I in connection with allegedly unpaid invoices relating to renovation work at our facility located at 3300 Corporate Way, Miramar, Florida, which is being renovated for future office and laboratory use. In connection with the settlement, B&I filed a final satisfaction of lien releasing a lien in the amount of approximately $1.1 million. The dismissal and satisfaction of lien completed the parties' settlement and fully resolved all amounts claimed to be owed by us to B&I. There was no gain or loss on the settlement with B&I.

On October 24, 2025, the Company was notified by Cogent Bank that it exercised its discretion to make a demand that the Company cure the Defaults no later than thirty (30) days after receipt of this letter in strict compliance with Section 7.2(3) of the Loan Agreement by: (i) paying and discharging all of the Claims of Lien and causing satisfactions to be recorded in the Public Records of Broward County, Florida for all of the Claims of Lien, and (ii) resolving all litigation against the Borrower and the mortgaged property described in the Mortgage and causing such claims in the Foreclosure Actions to be dismissed and all related notices of lis pendens to be released. The Company and Cogent Bank are negotiating terms for a forbearance agreement to provide additional time for the Company to comply with the demands Cogent Bank made in their demand letter. As of September 30, 2026, the Company reported a current liability of $6.1 million within Short-term debt, net on the accompanying condensed balance sheet. See Note 13. Subsequent Events.

On July 8, 2026, the Company entered a Settlement and Release Agreement with Sartorius Stedim North America Inc. ("Sartorius") after Sartorius accepted the return of scientific equipment purchased by the Company for $1.7 million. As a result, all of the Company's obligations to Sartorius were satisfied in full including the related unpaid invoices. According to the terms of the agreement, Sartorius retained the Company's deposit of $494,683. In the three and nine months ended September 30, 2026, the Company recognized a Loss on return of equipment of $494,683 in the accompanying condensed statements of operations.

Arbitration Demand

On November 13, 2026, the Company received a demand for arbitration from a placement agent alleging breach of contract and related claims and seeking damages for unpaid "tail fees". The Company believes the claims are without merit and intends to defend itself in this matter vigorously. See Note 13. Subsequent Events.

Other Matters

On May 26, 2026, the Company paid all amounts due under a settlement agreement with EirGenix, Inc. ("EirGenix"), our contract development and manufacturing organization, relating to manufacturing costs. Pursuant to the settlement agreement entered into on December 9, 2025, EirGenix agreed to accept $1.2 million in full satisfaction of approximately $1.7 million of outstanding amounts, provided payment was made by an agreed deadline. As a result, all obligations under the settlement agreement were satisfied and the related unpaid invoices and disputed credits were fully resolved. As a result, the Company recognized $483,383 as a Gain on extinguishment of a liability for the nine months ended September 30, 2026 in the accompanying condensed statements of operations.

On June 26, 2025, the Company received formal notice from The Nasdaq Stock Market LLC ("Nasdaq") that the Company is in compliance with Listing Rule 5550(b)(1) (the "Equity Rule"). On October 2, 2026, the Company received formal notice from Nasdaq that the Company maintained compliance with Listing Rule 5550(a)(2) (the "Bid Price Rule," along with all of the applicable continued listing requirements until September 22, 2026, as required by the Panel decision dated May 29, 2026, as amended.

On July 29, 2026, the SEC temporarily stayed the effectiveness of its July 22, 2026 order approving the Nasdaq's proposed rule change to adopt a new $5.0 million Market Value of Listed Securities continued listing requirement. In accordance with Rule 431(e), the July 22, 2026, order is stayed until the Commission orders otherwise.

Inflationary Cost Environment, Banking Crisis, Supply Chain Disruption and the Macroeconomic Environment

The Company's operations have been affected by many headwinds, including inflationary pressures, tariffs, rising interest rates, ongoing global supply chain disruptions resulting from increased geopolitical tensions such as the war in the Middle East, the conflict between Russia and Ukraine, China-Taiwan relations, financial market volatility and currency movements. The Company has been impacted by inflation, and may continue to be so, when securing materials needed for our operations, the costs for recruiting and retaining employees and other employee-related costs. Management employs a number of strategies to effectively navigate these issues, including product redesign, alternate sourcing, and establishing contingencies in budgeting and timelines. Future developments in these and other areas present material uncertainty and risk with respect to the Company's clinical trials, IND-enabling activities, as well as the Company's financial condition and results of operations. The extent and duration of such events and conditions, and resulting disruptions to our operations, are highly unpredictable.

13. Subsequent Events

Subsequent events have been evaluated through the date the financial statements were filed. In addition to the required recognition or disclosure disclosed in the footnotes herein, there were also the following subsequent events after the reporting date:

As of September 30, 2026, the Company reported $442,873 within Short-term debt, net, for the amounts owed to the noteholders. As of October 1, 2026, the Secured Notes were settled by allocating a portion of the proceeds upon the sale or liquidation of AlloTera Therapeutics shares according to the provision of Second Amendment to the Amended and Restated Note Purchase Agreement.

On October 2, 2026, the Company received formal notice from Nasdaq that the Company maintained compliance with Listing Rule 5550(a)(2) (the "Bid Price Rule," along with all of the applicable continued listing requirements until September 22, 2026, as required by the Panel decision dated May 29, 2026, as amended.

On October 22, 2026, the Company entered a listing agreement with an internationally recognized real estate company to market and sell the Property. The listing agreement contemplated completion of forbearance agreements with lienholders and Cogent Bank, which also contemplate the sale of the Property. On November 4, 2026, the Company listed the Property for sale at an asking price of $15.0 million. As of the date of issuance of the Form 10-Q for the third quarter ended September 30, 2026, the forbearance agreements had not been finalized, and the Board of Directors had not authorized the sale of the Property. Based on its evaluation of the facts and circumstances, the Company concluded that the criteria for classification as held-for-sale were not met as of September 30, 2026. Accordingly, the Property continued to be classified as held-and-used. Management also evaluated the relevant facts and circumstances, including subsequent developments, and concluded that no indication of impairment adjustment was required as of September 30, 2026.

On October 27, 2026, the Company and Cooley LLP ("Cooley") entered an amended settlement and waiver agreement and an amended contingent note agreement. Under the amended terms, the Company paid Cooley $10,000 upon signing the agreements and agreed to pay Cooley $740,000 by January 29, 2027, including interest on the unpaid amount at 8% per annum, and with monthly partial payments of $10,000 per month until paid. The amended terms for the contingent payments of up to $5.5 million under the contingent note did not change the triggering events, all of which were deemed to be remote as of September 30, 2026.

On November 3, 2026, the Company entered into definitive agreements for a debt financing with gross proceeds of up to an aggregate of $10.0 million. In this transaction, the Company issued two secured promissory notes in the principal amounts of $3.2 million and $7.0 million, of which approximately $3.0 million (before deduction of fees, costs and expenses incurred in the transaction) was funded to the Company at closing and $7.0 million was deposited in a bank account held by HCWB Holdings, LLC, a wholly-owned subsidiary of the Company (the "Subsidiary"), is pledged as security for both notes and is held pursuant to a deposit account control agreement among the bank, the investor and the Subsidiary. The promissory notes accumulate interest at rates of 8% and 5%, respectively, per annum and mature 24 months after the issuance date. Interest will be partially offset with interest earned on the $7.0 million held in the Subsidiary's bank account. The Company will be required to begin paying down outstanding amounts due beginning after the six-month anniversary of the closing date.

On November 13, 2026, the Company received a demand for arbitration from a placement agent alleging breach of contract and related claims and seeking damages for unpaid "tail fees". The Company believes the claims are without merit and intends to defend itself in this matter vigorously. The legal expenses incurred in the Company's defense will be expensed as incurred. However, the Company does not believe that outcome of this action will be material to the Company's financial position, results of operations or cash flow. Because the matter is in its preliminary stages, the Company cannot predict the likely outcome or estimate the potential loss at this time.

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 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, 2025 included in the Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") on March 31, 2026 (the "Annual Report"). 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," "HCWB," "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 of our clinical trials, plans and objectives of management for future operations, adequacy of our cash resources and working capital, future economic conditions or performance, 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 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" or the "Company") is a clinical-stage biopharmaceutical company developing transformative fusion immunotherapeutics to treat autoimmune diseases, cancer and senescence-associated dysplasia. Our immunotherapeutics are constructed using the Company's proprietary, non-FC based TRBC drug development platform. We believe our immunotherapeutics represent a new class of drugs that have the potential to fundamentally change the treatment of proinflammatory and senescence-associated diseases and conditions that are promoted by chronic inflammation.

HCW Biologics has an experienced team led by Dr. Hing C. Wong, our Founder and CEO, who discovered and developed the immunotherapeutic Anktiva® (also known as ALT-803, an IL-15 receptor agonist) through pivotal trials. This blockbuster immunotherapeutic treatment for cancer was sold to ImmunityBio, Inc. in 2017 in a $1.0 billion acquisition. In April 2024, Anktiva® was approved by the U.S. Food and Drug Administration for its first indication, the treatment of BCG-Unresponsive Non-Muscle Invasive Bladder Cancer in combination with BCG.

Business Highlights

Reverse Stock Split

On June 15, 2026, our stockholders approved one or more reverse stock splits up to an aggregate of one-for-twenty shares for a period of one year. The Company completed a one-for-six reverse stock split on June 30, 2026 (the "Reverse Stock Split"). All share amounts and price per share amounts discussed herein reflect the Reverse Stock Split.

Financing

In the nine months ended September 30, 2026, the Company raised $8.6 million in equity, primarily through the sale of units consisting of one share of Common Stock (or Pre-Funded Warrant in lieu of shares) and Common Stock Warrants to purchase a share of Common Stock. The Company often raised money in private placements for unregistered securities for which the Company was obligated to file registration statements within a prescribed period of time to register the underly shares of these securities.

On November 3, 2026, the Company secured up to $10.0 million through a debt financing, $3.0 million of which was funded at closing, less transaction costs. The Company may access an additional $7.0 million, subject to certain conditions. The Company expects to use proceeds from this financing to support completion of the Phase 1 clinical study to evaluate HCW9302 in patients with alopecia areata and establish the Recommended Phase 1 Dose, which are expected to occur in the first quarter of 2027.

In the three months ended September 30, 2026 and in the period from the reporting date to the date of issuance of this Quarterly Report, the following financing transactions closed:

July 2026 Sale of Common Stock and Warrants

On July 29, 2026, the Company completed a $1.6 million private placement with certain accredited investors in which the Company sold 618,682 units, with 218,682 units consisting of one share of Common Stock and the right to receive one Common Stock Warrant and 400,000 units consisting of one Pre-Funded Warrant and the right to receive one Common Stock Warrant. The Pre-Funded Warrants could be exercised a soon as they were issued to purchase up to 400,000 shares of Common Stock for $0.0001 per share. The Common Stock Warrants may be exercised to purchase one share of Common Stock for $2.585 per share, upon, and subject to, stockholder approval of the issuance of such Common Stock Warrants, which approval the Company is obligated to seek pursuant to the terms of the securities purchase agreement. Investors included one institutional investor as well as Hing C. Wong, Ph.D., our Founder and Chief Executive Officer, Scott Garrett, Chairman of our board of directors, and Lee Flowers, our Senior Vice President of Business Development, who participated in the private placement on the same terms and conditions as the other investor.

On August 31, 2026, the SEC declared effective a resale registration statement on Form S-1 (File No. 333-298452) covering the resale of shares of Common Stock and warrants issued in this private placement. On September 1, 2026, the holder exercised all outstanding Pre-Funded Warrants issued in connection with this transaction, and the Company issued 400,000 shares of Common Stock. The Company plans to hold a Special Meeting of Stockholders on November 17, 2026, at which time we will seek stockholder approval for the issuance of the Common Stock Warrants issued in this transaction.

September 2026 Sale of Common Stock and Warrants

On September 23, 2026, the Company completed a $1.5 million private placement with a single, existing institutional investor in which the Company sold 903,614 units, each unit consisting of a Pre-Funded Warrant and the right to receive one Common Stock Warrant. The Pre-Funded Warrants could be exercised as soon as they were issued to purchase up to 903,614 shares of Common Stock for $0.0001 per share. The Common Stock Warrants may be exercised to purchase one share of Common Stock For $1.66 per share, upon, and subject to, stockholder approval of the issuance of such Common Stock Warrants, which approval the Company is obligated to seek pursuant to the terms of the securities purchase agreement.

On October 9, 2026, the SEC declared effective a resale registration statement on Form S-1 (File No. 333-299271) covering the resale of shares of Common Stock and warrants issued in this private placement. On October 13, 2026, the holder exercised Pre-Funded Warrants to purchase 755,614 shares of Common Stock, and on October 23, 2026, the holder exercised Pre-Funded Warrants to purchase 148,000 shares of Common Stock. The Company plans for a Special Meeting of Stockholders on January 26, 2027 at which we will seek stockholder approval for the issuance of the Common Stock Warrants issued in this transaction, which allow the holder to purchase up to 903,614 shares of Common Stock.

Issuance of $10.0 Million of Secured Notes

On November 3, 2026, the Company entered into definitive agreements for a debt financing with gross proceeds of up to an aggregate of $10.0 million. In this transaction, the Company issued two secured promissory notes in the principal amounts of $3.2 million and $7.0 million, of which approximately $3.0 million (before deduction of fees, costs and expenses incurred in the transaction) was funded to the Company at closing and $7.0 million was deposited in a bank account held by HCWB Holdings, LLC, a wholly-owned subsidiary of the Company (the "Subsidiary"), is pledged as security for both notes and is held pursuant to a deposit account control agreement among the bank, the investor and the Subsidiary. The promissory notes accumulate interest at a rate of 8% and 5%, respectively, per annum and mature 24 months after the issuance date. Interest will be partially offset with interest earned on the $7.0 million held in the Subsidiary's bank account. The Company will be required to begin paying down outstanding amounts due beginning after the six-month anniversary of the closing date.

Additional Steps to Continue to Restructure and Extinguish Debt and Other Obligations

Since early 2025, the Company began a program to restructure and extinguish its debt and other obligations. During this time, we settled and restructured debt of $8.1 million, primarily related to restructuring Secured Notes, and we settled liabilities of $10.9 million, primarily related to the settlement and waiver agreement as amended with Cooley for legal fees incurred in connection with our Arbitration; settlement for monies owed to EirGenix for manufacturing services; and settlement with contractors for monies owed for work performed on the Company's property located at 3300 Corporate Way (the "Property").

In the three months ended September 30, 2026, the Company's Board of Directors rejected the proposal to obtain funds to complete the renovation of the Property to establish a manufacturing facility and upgrade research laboratories by refinancing with significant debt. They authorized management to initiate negotiation for forbearance agreements with key parties with affirmative claims against the Company and the Property. These included Cogent Bank, the bank who provided acquisition financing; BE&K Building Group ("BE&K"), the general contractor; and Fisk Electric ("Fisk"), the subcontractor for electrical work under BE&K. On October 22, 2026, the Company entered a listing agreement with an internationally recognized real estate company to market and sell the Property. The listing agreement contemplated completion of forbearance agreements with lienholders and Cogent Bank, which are in the process of being finalized but not completed as of the date of issuance. The forbearance agreements contemplate the sale of the Property. On November 4, 2026, the Company listed its Property for sale for $15.0 million.

Management was not authorized to sell the Property by the Board of Directors as of the date of issuance of the Form 10-Q for the third quarter ended September 30, 2026, and the Company did not meet the requirements to classify the Property as held-for-sale. As of September 30, 2026, the Property continued to be classified as held-and-used, with no indication of impairment and no fair value assessment required as of September 30, 2026.

Business Development Transactions

During the nine months ended September 30, 2026, the Trimmune License closed and the contract was binding upon receipt of the full, nonrefundable license fee, which included a $3.5 million cash payment, or $2.9 million after taxes, and a transferable equity interest in Trimmune with a fair value of $3.5 million. Trimmune also has an option to license HCW9302 for China for which the Company will receive additional consideration.

On September 4, 2026, the Company entered into an exclusive agreement for the distribution of the Company's commercial-ready molecule, HCW11-006, for use as a reagent in cell therapy manufacturing and other *ex vivo* applications for a five-year term from the closing date. The closing is subject to the satisfactory completion of due diligence and product testing but will occur no later than November 30, 2026. The agreement may be terminated for cause or by the Company's exercise of its right to terminate for convenience.

Clinical Development

Ongoing Phase 1 Clinical Study Evaluating HCW9302 in Alopecia Areata

On June 16, 2026, the Company disclosed a preliminary human data readout for the Phase 1 clinical study evaluating HCW9302 in patients with alopecia areata. Preliminary results indicate that HCW9302 is well tolerated, with no dose-limiting toxicities or significant known IL-2-treatment-related adverse effects, including no reported incidence of capillary leak syndrome, cytokine release syndrome, or increase in blood eosinophil counts. In the three months ended September 30, 2026, the Company activated an additional clinical site to participate in the study and continued patient enrollment and treatment in the third dose cohort (i.e., eight (8) micrograms/kg body weight). In patients treated to date, HCW9302 administration has been well-tolerated, with no significant known IL-2-treatment-related adverse effects, and no dose-limiting toxicities. With continued patient enrollment, the Phase 1 readout is expected in the first quarter of 2027. In addition, the Company expects to establish the Recommended Phase 2 Dose for this study at that time.

The Company intends to present the full results of the Phase 1 clinical trial in an invited oral presentation at the 9th Treg-Directed Therapies Summit in March 2027 in Boston, Massachusetts.

Milestone for HCW11-018b, Leading Product Candidate in Company's Tetravalent T-Cell Engager Program

HCW11-018b was generated using the Company's non-Fc TRBC platform, combining elements that enhance T-cell activation and tumor infiltration while mitigating immunosuppression. Using a novel, Fc-free platform for integrating IL-15 signaling and TGF-β neutralization, the Company has developed a T-Cell Engager Program focused on the treatment of solid tumors. HCW11-018b, the lead candidate of the "Big BiTE" program, is a multivalent T-cell engager designed to enhance anti-tumor activities and tolerability to treat a wide spectrum of solid tumors.

Communication with FDA at recent Type B meeting provided the Company with clear guidance for the next steps to prepare its IND application to support first-in-human clinical study to evaluate HCW11-018b in cancer, which the Company intends to do in the first half of 2027. In support of potential upcoming clinical trials, the Company has initiated cGMP manufacturing. HCW Biologics has created a high-expression production cell line and a streamlined GMP manufacturing process, utilizing a relatively simple manufacturing process similar to that used to make therapeutic monoclonal antibodies.

The Company presented an update of its development of HCW11-018b at the 41st Annual Meeting of the Society for Immunotherapy of Cancer ("SITC"), which took place from November 4 – 9, 2026, in Phoenix, Arizona. HCW11-018b has a feature that the Company believes has not been reported with respect to any other T-Cell Engager. It induces/promotes tertiary lymphoid structures ("TLS") formation inside tumors. TLS are organized ectopic immune cell aggregates that form within non-lymphoid tissues—including solid tumors and the tumor microenvironment—in response to chronic inflammation. TLS are immune hubs in solid tumors that are clinically associated with more favorable outcomes following immunotherapy. Developing inside the tumor microenvironment, TLS locally train and expand killer T-cells (CD8+) and B-cells right where the threat exists, preventing immune exhaustion that can happen during immune cell transit from distant nodes.

HCW11-018b incorporates the core features of a BiTE while adding components that alleviate immunosuppression and promote activation and tumor infiltration of cancer-fighting cells. The BiTE component of HCW11-018b contains an anti-CD3 single-chain antibody and an antibody domain that targets human Tissue Factor ("TF"), which is overexpressed in a wide spectrum of solid tumors. In addition, the molecule includes soluble IL-15, an IL-15 receptor α ("IL-15Rα") domain, and a TGF-β receptor II ("TGFβRII") domain trap. The result is a compound that targets TF-positive tumor cells, engages CD3 on T cells, incorporates IL-15/IL-15Rα activity, and uses a soluble TGFβRII domain as a TGF-β trap to reduce immunosuppression.

As a result, HCW11-018b may be able to turn "cold" tumors "hot" by promoting infiltration of immune cells, in part by utilizing Cis-binding (or cis-interaction) to enhance immune cell reactivity. In tumor efficacy models, HCW11-018b promotes targeted CD8+ T cell killing of TF-positive tumor cells, inhibits growth of solid tumors, in some models leading to shrinkage of patient-derived pancreatic tumor implants, and reduces spread of tumor metastases.

HCW11-040 Selected by SITC at the 2026 Conference as One of Top 150 Abstracts

HCW11-040 is a pembrolizumab-based fusion immunotherapeutic that is a TGF-β trap and IL-15 fusion as a novel moiety with potential applications against diseased cells and viral infections. Human studies showed that the TGF-β trap and IL-15 fusion promoted expansion of progenitor $CD8^+$ T cells and Natural Killer ("NK") cells, provided clinical benefit, and was well tolerated in cancer patients. In addition, the fusion demonstrated activity against HIV-1 and bronchopulmonary dysplasia in highly stringent, relevant animal models. Several publications in leading scientific journals include extensive human and animal study data regarding the TGF-β trap and IL-15 fusion.

The Company presented a data update of its development of HCW11-040 at SITC, and our submission was selected as one of the Top 150 abstracts by SITC, out of over 1,300 submissions (reviewed by multiple volunteer experts, session co-chairs, and annual meeting organizers), for scientific rigor, novelty, clarity, and potential impact on cancer immunotherapy.

Trends and Uncertainties

Inflationary Cost Environment, Geopolitical Risks and Other Macroeconomic Factors

The Company's operations have been affected by many headwinds, including inflationary pressures, tariffs, rising interest rates, ongoing global supply chain disruptions resulting from increased geopolitical tensions such as the war in the Middle East, the conflict between Russia and Ukraine, China-Taiwan relations, financial market volatility and currency movements. The Company has been impacted by inflation, and may continue to be so, when securing materials needed for our operations, the costs for recruiting and retaining employees and other employee-related costs. Management employs a number of strategies to effectively navigate these issues, including product redesign, alternate sourcing, and establishing contingencies in budgeting and timelines. Future developments in these and other areas present material uncertainty and risk with respect to the Company's clinical trials, IND-enabling activities, as well as the Company's financial condition and results of operations. The extent and duration of such events and conditions, and resulting disruptions to our operations, are highly unpredictable.

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 autoimmune disorders, cancer and senescence-associated dysplasia. Since inception, our sole source of revenue is from license and clinical development supply agreements.

Recapture of Rights Licensed to AlloTera Therapeutics

On May 29, 2025, at the request of AlloTera Therapeutics, the Company agreed to a one-year suspension of the AlloTera Therapeutics License, while they assessed the strategic direction of their clinical development programs. On May 21, 2026, the Company elected to terminate the AlloTera Therapeutics License to recapture the exclusive, worldwide ex vivo rights to the licensed molecules at no cost to the Company, according to the terms of the suspension agreement. The Company will continue to hold the upfront, nonrefundable license fee from AlloTera Therapeutics, including the in-kind payment of 2.2 million shares of their common stock.

Trimmune License

On November 17, 2025, the Company and Beijing Trimmune Biotech Co., Ltd. ("Trimmune") entered into an Amended and Restated License, Research and Co-Development Agreement ("Trimmune License") following the assignment of the original License, Research and Co-Development Agreement, which includes an exclusive license to HCW11-006 for in vivo applications ("WY Biotech License") from WY Biotech Co., Ltd. to Trimmune. The parties restructured the terms of the original WY Biotech License to include the assignment of rights to Trimmune and an option to license HCW9302 for in vivo applications in China. The Company retained its Opt-In Rights for the Americas market, which we may exercise after Trimmune completes its first Phase 1 clinical study.

On March 16, 2026, the Company received the full nonrefundable upfront license fee, consisting of $3.5 million in gross cash proceeds, or $2.9 million net of taxes, and a transferable minority equity ownership interest in Trimmune with a fair value of $3.5 million, whereupon the transaction was deemed closed and the contract was binding. The Company elected to use the measurement alternative under ASC 321-10-35-2 to account for the investment in Trimmune shares — cost less impairment, with adjustment for observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

In addition to the upfront license fee and Opt-In Rights, the Company is eligible to receive additional development milestone payments and double-digit royalties on future product sales. Further, in the event Trimmune elects to exercise its option to license HCW9302 in China, the Company will receive additional consideration. None of these elements met the threshold for recognition under Topic 606 as of September 30, 2026.

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 in connection with CMOs, 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; and
- 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 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

General and administrative expenses consist primarily of employee-related expenses for executive, legal, finance, accounting, human resources and other administrative personnel, as well as professional fees (including legal, audit and tax services), insurance costs, facilities expenses, and other public company compliance costs.

We expect general and administrative expenses incurred in the normal course of business for other purposes, such as costs for recruitment and retention of personnel, service fees for consultants, advisors and accountants, as well as costs to comply with government regulations, corporate governance, internal control over financial reporting, insurance and other requirements for a public company, to continue to increase for the foreseeable future as we build our clinical programs.

Legal Expenses (Recoveries), Net

The Company was involved in an Arbitration and related Complaint that were dismissed with prejudice as of December 31, 2024. See Part II, Item 1, "Legal Proceedings – Arbitration, Settlement and General Release." In the Settlement Agreement, the Company retained exclusive rights to HCW9302 and certain other TOBI-based molecules. The Company anticipates that it will continue to incur legal expenses for patent filings and other matters to protect our intellectual property rights and remain in compliance with the terms of the Settlement Agreement.

Indirect Tax Expense

On March 16, 2026, the Trimmune transaction closed and the nonrefundable upfront license fee was funded in full and the license was binding. There was charge for indirect tax expense (VAT) by the Chinese government of $198,146 which was withheld from the Company's cash transfer. This payment is not refundable or eligible for a tax credit.

Interest Expense

Interest expense includes interest paid on debt. This includes interest due on the Cogent Bank loan, Secured Notes issued by the Company and accretion of original issue discount and accretion of debt issuance costs.

On August 15, 2022, we entered into a loan and security agreement with Cogent Bank to partially fund our purchase of the property we acquired on that same date (the "2022 Loan"). We borrowed $6.5 million under this agreement. Amounts outstanding on the term loan accrue interest at a rate per annum equal to 5.75%. We were obligated to make interest-only payments on this loan from September 2022 through August 2023 and principal and interest payments in 48 equal monthly installments, based on a 25-year maturity schedule, commencing September 15, 2023.

During the nine months ended September 30, 2025, certain noteholders agreed to restructure $6.6 million of the principal amount of Secured Notes issued by the Company, including the accumulated accretion of a fixed bonus payable on Maturity Date, and convert to equity. Noteholders who purchased notes for $325,000 did not elect to convert their Secured Notes at this time. The Secured Notes bear interest at an annual rate of 9%, payable quarterly in arrears. They are also entitled to a fixed bonus, payable on the Maturity Date, which was accreted on a straight-line basis. The Secured Notes are due on the August 30, 2026, with a 30-day grace period in which to cure the default event for nonpayment.

On May 8, 2025, the Company issued a $150,000 promissory note with a personal guarantee from the Company's Founder and Chief Executive Officer, which has an original issue discount of $75,000 which is accreted on a straight-line basis from the date of issuance to the Maturity Date of February 7, 2026 (the "Guaranteed Promissory Note").

On September 23, 2026, the Company issued a senior secured promissory note for $250,000 to Hing C. Wong, the Company's Founder and Chief Executive Officer (the "Secured Promissory Note"). The Secured Promissory Note accrued $41,667 in interest on the date it was issued and will accrue an additional $41,667 each quarter it remains outstanding on a straight-line basis from the date of issuance until the Secured Promissory Note and accrued interest are repaid. The maturity date is June 23, 2027 (the "Maturity Date"), but the Secured Promissory Note may be prepaid in whole or in part at any time without penalty.

Change in Fair Value of Investment and Contingent Liability

The Company received 2.2 million shares of AlloTera Therapeutics as an in-kind payment for a nonrefundable license fee in December 2020. Beginning in the second quarter of 2025, the Company elected to account for its shares of AlloTera Therapeutics at fair value determined using financial valuation techniques and market information available. Also in the second quarter of 2025, the Company transferred the rights to receive a portion of the proceeds that we would receive upon the sale or liquidation of our AlloTera Therapeutics shares, if such an event occurs, and since that time the Company has recognized a contingent liability for this obligation. The Company derives the fair value of the contingent liability according to the fair value of the rights transferred for the sale of liquidation of the underlying AlloTera Therapeutics shares. The Company remeasures the change in fair value of the AlloTera Therapeutics shares and related contingent liability in earnings.

Change in Fair Value of Warrant Liability

In the first quarter of 2026, the Company agreed to the modification to lower the strike price of existing warrants to purchase up to 503,402 shares of Common Stock from $14.46 to $3.633 per share, subject to stockholder approval. Due to this contingency for settlement, the Company classified these warrants as a warrant liability and recognized it at fair value on the date of the modification as of March 31, 2026. On June 15, 2026, the Company's stockholders approved the repricing of these warrants at the Annual Meeting of Stockholders. With the resolution of the contingency for settlement, these warrants were reclassified to equity as of June 15, 2026. The Company recognized a change in fair value of the warrant liability in the nine months ended September 30, 2026.

Gain or Loss on Sale of Put Shares

The Company's Standby Equity Purchase Agreement ("SEPA") does not qualify for equity classification. The Company recognizes an unrealized gain or loss on put shares when we sell shares of Common Stock under the SEPA, which is recognized through earnings.

Gain or Loss on Equipment

As the Company continues to optimize its strategy related to its research and development needs as well as building internal capabilities for manufacturing and development activities, we sometimes elect to return or dispose of equipment, which may give rise to a gain or loss.

Gain on Extinguishment of Liability

From time to time, the Company restructures liabilities and debt obligations to strengthen our balance sheet. When the Company settles an obligation for less than the recorded carrying value, we recognize a gain on debt extinguishment or extinguishment of a liability in earnings during the period in which it is settled.

Other Income, Net

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, and other income and expenses related to non-operating activities.

Income Tax

When Trimmune paid the full nonrefundable upfront license fee on March 16, 2026, the Chinese government withheld income taxes of $330,186, which the Company recognized as an expense in the nine months ended September 30, 2026 in the accompanying condensed statements of operations. The Company will claim a Foreign Tax Credit for this amount for the 2026 tax year.

Results of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2026	2025	2026
Revenues:				
Revenues	$ 15,606	$ 55,463	$ 27,222	$ 6,734,032
Cost of revenues	(12,485)	(27,345)	(21,777)	(267,871)
Gross profit	3,121	28,118	5,445	6,466,161
Operating expenses:				
Research and development	1,404,247	1,242,577	4,109,782	3,703,877
General and administrative	1,884,994	1,366,386	6,187,296	5,070,038
Legal expenses (recoveries), net	6,006	9,058	(1,590,945)	14,583
Indirect tax expense	-	-	-	198,146
Total operating expenses	3,295,247	2,618,021	8,706,133	8,986,644
Operating loss	(3,292,126)	(2,589,903)	(8,700,688)	(2,520,483)
Interest expense	(127,070)	(141,797)	(632,923)	(351,612)
Change in fair value of contingent liability, net	1,055,825	-	(692,531)	-
Change in fair value of investment, net	(2,022,109)	-	1,474,935	-
Change in fair value of warrant liability	-	-	-	(1,775,992)
Loss on sale of put shares	(182,146)	-	(182,146)	-
Loss on return of equipment	-	(494,683)	-	(494,683)
Gain on extinguishment of liability	-	-	-	483,383
Other income, net	13,290	3,554	54,412	19,992
Net loss before income taxes	(4,554,336)	(3,222,829)	(8,678,941)	(4,639,395)
Income tax expense	-	-	-	(330,186)
Net loss	$ (4,554,336)	$ (3,222,829)	$ (8,678,941)	$ (4,969,581)

Comparison of the Three Months ended September 30, 2025 and September 30, 2026

Revenues

For the three months ended September 30, 2025, the Company recognized revenues of $15,606 related to the AlloTera Therapeutics License for ancillary services. As of September 30, 2025, the Company agreed to a request from AlloTera Therapeutics to suspend their license for a period of one year, while they assessed their clinical development strategy and whether they would focus exclusively on their promising CAR-T program.

For the three months ended September 30, 2026, there was $55,363 of revenue related to the completion of some of the services required under the Service Performance Obligation for the Trimmune License, primarily for supporting Trimmune with building a master cell bank. For remaining services under the Service Performance Obligation as of September 30, 2026, the Company recognized a contractual liability of $297,101, in deferred revenue in the accompanying condensed balance sheet.

Research and Development Expenses

The following table summarizes our research and development expenses for the three months ended September 30, 2025 and September 30, 2026:

	Three Months Ended September 30,			
	2025	2026	$ Change	% Change
Salaries, benefits and related expenses	$ 801,504	$ 765,859	$ (35,645)	(4)%
Manufacturing and materials	50,259	28,590	(21,669)	(43)%
Preclinical expenses	315,725	238,661	(77,064)	(24)%
Clinical trials	80,358	71,370	(8,988)	(11)%
Other expenses	156,401	138,097	(18,304)	(12)%
Total research and development expenses	**$ 1,404,247**	**$ 1,242,577**	**$ (161,670)**	(12)%

Research and development expenses decreased by $161,670, or 12%, from $1.4 million for the three months ended September 30, 2025 to $1.2 million for the three months ended September 30, 2026. The decrease was primarily due to decreases in salaries, benefits and related taxes, preclinical expenses and manufacturing and materials.

Salaries, benefits, and related expenses decreased by $35,645, or 4%, from $801,504 for the three months ended September 30, 2025 to $765,859 for the three months ended September 30, 2026. This decrease was primarily attributable to decreases of $14,390 in salaries, benefits and related taxes, $9,465 in employee benefits and $11,790 in expense for stock-based compensation.

Manufacturing and materials expense decreased by $21,669, or 43%, from $50,259 for the three months ended September 30, 2025 to $28,590 for the three months ended September 30, 2026. In the three months ended September 30, 2025, costs were related to ancillary costs, such as storage and insurance for drug supply that was already manufactured and ready for future use. In the three months ended September 30, 2026, the decrease was primarily attributable by a decrease of $19,681 in insurance costs required to maintain supply for AlloTera Therapeutics, which were no longer necessary after the termination of the AlloTera Therapeutics License.

Expenses associated with preclinical activities decreased by $77,064, or 24%, from $315,725 for the three months ended September 30, 2025 to $238,661 for the three months ended September 30, 2026. In the three months ended September 30, 2025, the Company conducted preclinical studies for TRBC-based molecules, HCW11-018b, which the Company later identified as the lead product candidate for its T-Cell Engager program, and HCW11.040, which the Company later identified as the lead candidate for a second-generation immune checkpoint inhibitor. In the three months ended September 30, 2026, the Company focused on IND-enabling activities required to prepare HCW11-018b, the Company's tetravalent T-cell engager, for a Phase 1 clinical trial in cancer. During the three months ended September 30, 2026, the Company communicated with the U.S. Food and Drug Administration ("FDA") with information related to the clinical development of HCW11-018b. The feedback from the FDA provided clear direction for any further IND-enabling studies required to file the IND application. The Company intends to file an IND-application to seek authorization to evaluate HCW11-018b in a Phase 1 clinical study in patients with cancer in the first half of 2027.

Expenses associated with clinical activities decreased by $8,988, or 11%, from $80,358 for the three months ended September 30, 2025 to $71,370 for the three months ended September 30, 2026. The decrease was primarily attributable to decreases of $26,253 in clinical site start-up fees, partially offset by an increase of $20,964 in maintenance and other fees. We anticipate that clinical expenses will increase in the coming year due to the continuation of clinical trials to evaluate HCW9302 in autoimmune indications.

Other expenses, which include overhead allocations, decreased by $18,304, or 12%, from $156,401 for the three months ended September 30, 2025 to $138,097 for the three months ended September 30, 2026. This decrease is primarily attributable to decreases of $8,002 in repairs and maintenance, $6,243 for office supplies and general office expenses and $5,323 in the allocation of depreciation for scientific equipment.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the three months ended September 30, 2025 and September 30, 2026:

	Three Months Ended September 30,			
	2025	**2026**	**$ Change**	**% Change**
Salaries, benefits and related expenses	$ 699,989	$ 522,879	$ (177,110)	(25)%
Professional services	552,371	386,736	(165,635)	(30)%
Facilities and office expenses	125,521	109,641	(15,880)	(13)%
Accretion of fixed bonus upon maturity of Secured Notes	15,502	9,609	(5,893)	NM
Depreciation	58,451	48,206	(10,245)	(18)%
Rent and occupancy expense	39,633	41,276	1,643	4%
Other expenses	393,527	248,039	(145,488)	(37)%
Total general and administrative expenses	**$ 1,884,994**	**$ 1,366,386**	**$ (518,608)**	(28)%

General and administrative expenses decreased $518,608, or 28%, from $1.9 million for the three months ended September 30, 2025 to $1.4 million for the three months ended September 30, 2026. The decrease is primarily attributable to decreases in expense for stock-based compensation, professional fees, and other expenses, such as financing costs and cost of insurance.

Salaries, benefits and related expenses decreased by $177,110, or 25%, from $699,989 for the three months ended September 30, 2025 to $522,879 for the three months ended September 30, 2026. The decrease is primarily attributable to decreases of $193,338 in compensation expense for stock-based compensation, partially offset by an increase of $10,854 in salaries and related taxes.

Professional services decreased by $165,635, or 30%, from $552,371 for the three months ended September 30, 2025 to $386,736 for the three months ended September 30, 2026. The decrease is primarily attributable to a decrease of $58,234 in professional fees related to corporate legal fees, audit fees, tax advisory fees and technical accounting advisory fees, and a decrease of $108,218 related to patent filings and other legal activity performed for our intellectual property portfolio.

Facilities and office expenses decreased by $15,880, or 13%, from $125,521 for the three months ended September 30, 2025 to $109,641 for the three months ended September 30, 2026. The decrease is primarily due to a decrease of $22,736 for fees paid for licenses, software and IT services, partially offset by an increase of $6,057 in facilities expenses including repairs and maintenance.

Throughout 2024, the Company issued $6.9 million of Secured Notes. The terms of the Secured Notes were amended on July 2, 2024 to include a fixed bonus payment in the event that the Secured Notes were repaid on their Maturity Date of August 30, 2026. On May 7, 2025, $6.6 million of the principal of the Secured Notes and the balance of their accumulated accretion for the fixed bonus payment due on the Maturity Date converted to equity. As of September 30, 2026, the Company continues to hold $325,000 of principal of the Senior Notes. In the three months ended September 30, 2025 and 2026, the Company recognized $15,502 and $9,609, respectively, for the expense for accretion of the fixed bonus payable upon Maturity Date.

Other expenses decreased by $145,488, or 37%, from $393,527 for the three months ended September 30, 2025 to $248,039 for the three months ended September 30, 2026. The decrease is primarily attributable to decreases of $88,592 in costs associated with financing activities and $92,516 in insurance premiums, partially offset by an increase of $33,020 in taxes.

Legal Expenses (Recoveries), Net

In the three months ended September 30, 2025 and 2026, the Company recognized $6,006 and $9,058, respectively.

Interest Expense

In the three months ended September 30, 2025 and 2026, the Company recognized interest expense of $127,070 and $141,797, respectively, including the following items which were reported within Interest expense on the condensed statements of operations:

- For the three months ended September 30, 2025 and 2026, $92,106 and $90,166 in cash for interest, respectively, related to the 2022 Loan, which were recognized as an expense in both periods.
- For the three months ended September 30, 2025 and 2026, $7,373 in interest expense, respectively, related to the Sr. Secured Note in each period.
- For the three months ended September 30, 2025 and 2026, $25,000 and nil, respectively, in accretion expense for original issue discount of the Guaranteed Promissory Note which was repaid on February 6, 2026.
- For the three months ended September 30, 2025 and 2026, nil and $41,667, respectively, in interest expense to the Secured Promissory Note issued on September 23, 2026.
- For the three months ended September 30, 2025 and 2026, $2,592 of amortization of debt issuance costs related to the 2022 Loan in each period.

Change in Fair Value of Investment and Contingent Liability

There was a net change in the fair value of the Company's investment in AlloTera Therapeutics shares of common stock and the related contingent liability of decrease of $966,284 in the three months ended September 30, 2025. There was no change in fair value for the shares or the contingent liability in the three months ended September 30, 2026.

Loss on Sale of Put Shares

In the three months ended September 30, 2025, the Company recognized a $182,146 loss for the loss on the sale of put shares, related to the 475,000 shares sold using the Company's SEPA with gross proceeds of $2.2 million. The Company did not sell put shares through our SEPA in the comparable period of 2026.

Loss on Equipment

In the three months ended September 30, 2026, the Company recognized a $494,683 loss on equipment, as a result of a settlement and waiver agreement with the manufacturer. See Note 12. Commitments and Contingencies, Legal Matters. In addition, in connection with this transaction, the Company derecognized an obligation of $1.2 million owed on this equipment, which was included within Accounts payable on the accompanying condensed balance sheet, and an asset of $1.7 million, which was included within construction in progress within Property, plant and equipment, net in the accompanying condensed balance sheet.

Other Income, Net

Other income, net had a de minimis decrease from $13,290 for the three months ended September 30, 2025 to $3,554 for the three months ended September 30, 2026.

Comparison of the Nine Months ended September 30, 2025 and September 30, 2026

Revenues

For the nine months ended September 30, 2025, the Company recognized revenues of $27,222 related to the AlloTera Therapeutics License for ancillary services. As of September 30, 2025, the Company agreed to a request from AlloTera Therapeutics to suspend their license for a period of one year, while they assessed their clinical development strategy and whether they would focus exclusively on their promising CAR-T program.

During the nine months ended September 30, 2026, the Company elected to recapture the rights licensed to AlloTera Therapeutics and terminated the AlloTera Therapeutics License on May 21, 2026 according to provisions of the suspension agreement.

For the nine months ended September 30, 2026, the Company recognized revenues of $6.3 million related to the Trimmune License and transfer of Licensed IP on March 16, 2026. In addition, the Company recognized revenues of $402,899 related to the Trimmune License for Services, primarily for supporting Trimmune in building a master cell bank. As of September 30, 2026, the Company recognized deferred revenue for the contract liability of $297,101 for the remaining services required under the Service Performance Obligation of the Trimmune License.

Research and Development Expenses

The following table summarizes our research and development expenses for the nine months ended September 30, 2025 and September 30, 2026:

	Nine Months Ended September 30,			
	2025	**2026**	**$ Change**	**% Change**
Salaries, benefits and related expenses	$ 2,281,050	$ 2,305,557	$ 24,507	1%
Manufacturing and materials	347,042	45,704	(301,338)	(87)%
Preclinical expenses	639,785	615,144	(24,641)	(4)%
Clinical trials	379,113	300,146	(78,967)	(21)%
Other expenses	462,792	437,326	(25,466)	(6)%
Total research and development expenses	**$ 4,109,782**	**$ 3,703,877**	**$ (405,905)**	(10)%

Research and development expenses decreased by $405,905, or 10%, from $4.1 million for the nine months ended September 30, 2025 to $3.7 million for the nine months ended September 30, 2026. This decrease was primarily attributable to a decrease in expenses related to manufacturing and materials.

Salaries, benefits, and related expenses increased by $24,507, or 1%, from $2.3 million for the nine months ended September 30, 2025 to $2.3 million for the nine months ended September 30, 2026. This increase is primarily attributable to increases of $35,130 for salaries and payroll taxes and $25,482 for employee benefits, partially offset by a decrease of $36,105 for compensation expense related to stock-based compensation.

Manufacturing and materials expense decreased by $301,338, or 87%, from $347,042 for the nine months ended September 30, 2025 to $45,704 for the nine months ended September 30, 2026. In the nine months ended September 30, 2025, production of our high-producing cell-line of HCW9101 was taking place. In the nine months ended September 30, 2026, costs were incurred for ancillary services such as storage and insurance.

Expenses associated with preclinical activities decreased by $24,641, or 4%, from $639,785 for the nine months ended September 30, 2025 to $615,144 for the nine months ended September 30, 2026. The decrease is primarily attributable to a decrease of $34,586 for collaborators and R&D research, partially offset by an increase of $8,500 in cost of drug testing. In the nine months ended September 30, 2026, activities were primarily related to the Company's IND-enabling studies for HCW11-018b, in preparation for an IND application to obtain authorization from the FDA to evaluate HCW11-018b in patients with cancer as well as contractual obligations required under the terms of the Trimmune License.

Expenses associated with clinical activities decreased by $78,967, or 21%, from $379,113 for the nine months ended September 30, 2025 to $300,146 for the nine months ended September 30, 2026, primarily due to a decreases of $64,074 for patient fees and other clinical study costs, $35,296 for clinical site start-up fees and $11,837 for consulting services, partially offset by an increase of $32,240 for data management and monitoring expenses. In the nine months ended September 30, 2025, activities were focused on additional studies with collaborators and start up fees related to opening clinical sites in preparation for the initiation of the Phase 1 clinical trial to evaluate HCW9302 in an autoimmune disease. In the nine months ended September 30 2026, the Company had three active clinical sites and continued with dose-escalating studies for the Phase 1 study to evaluate HCW9302 in patients with alopecia areata.

Other expenses, which include overhead allocations, decreased by $25,466, or 6%, from $462,792 for the nine months ended September 30, 2025 to $437,326 for the nine months ended September 30, 2026. The decrease in other expenses is primarily attributable to the decrease of $25,213 in the allocation of depreciation.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the nine months ended September 30, 2025 and September 30, 2026:

	Nine Months Ended September 30,			
	2025	**2026**	**$ Change**	**% Change**
Salaries, benefits and related expenses	$ 2,254,015	$ 1,569,696	$ (684,319)	(30)%
Professional services	1,503,381	1,376,711	(126,670)	(8)%
Facilities and office expenses	331,588	326,434	(5,154)	(2)%
Accretion of fixed bonus upon maturity of Secured Notes	390,809	38,435	(352,374)	NM
Depreciation	178,849	152,076	(26,773)	(15)%
Rent expense	151,911	128,325	(23,586)	(16)%
Other expenses	1,376,743	1,478,361	101,618	7%
Total general and administrative expenses	**$ 6,187,296**	**$ 5,070,038**	**$ (1,117,258)**	(18)%

General and administrative expenses related to the ordinary course of business decreased by $1.1 million, or 18%, from $6.2 million for the nine months ended September 30, 2025 to $5.1 million for the nine months ended September 30, 2026. The decrease in other expenses is primarily attributable to decreases in expenses related to stock-based compensation.

Salaries, benefits and related expenses decreased by $684,319, or 30%, from $2.3 million for the nine months ended September 30, 2025 to $1.6 million for the nine months ended September 30, 2026. The decrease is primarily attributable to a $711,732 decrease in the compensation expense related to stock-based compensation.

Professional services decreased by $126,670, or 8%, from $1.5 million for the nine months ended September 30, 2025 to $1.4 million for the nine months ended September 30, 2026. The decrease is primarily attributable to a decrease of $173,668 in legal fees related to patents and legal activities performed in connection with our intellectual property portfolio, partially offset by a $46,044 increase in other professional services, including corporate legal fees, audit fees, tax advisory fees and technical accounting advisory fees.

Facilities and office expenses decreased by $5,154, or 2%, from $331,588 for the nine months ended September 30, 2025 to $326,434 for the nine months ended September 30, 2026. The decrease is primarily due to a decrease of $28,084 in IT services, including software licenses, partially offset by a $20,525 increase in repairs, maintenance and general office expenses.

In the nine months ended September 30, 2025, the Company recognized an expense of $390,809 for accretion of the fixed bonus payment. On May 7, 2025, $6.6 million of the principal of the Secured Notes and the balance of the accumulated fixed bonus payable on the Maturity Date were restructured and converted to equity. Upon conversion, accretion of the fixed bonus payable on the Maturity Date ceased as the right to a fixed bonus was forfeited upon conversion to equity. As of September 30, 2026, the Company reported an outstanding principal balance of $325,000 of Secured Notes for those noteholders who did not elect to convert. In the nine months ended September 30, 2026, the Company recognized an expense of $38,435 for the accretion of the fixed bonus payable on the Maturity Date for the remaining Secured Notes.

Other expenses increased by $101,618, or 7%, from $1.4 million for the nine months ended September 30, 2025 to $1.5 million for the nine months ended September 30, 2026. The increase is primarily attributable to increases of $112,489 in finance-related costs, primarily attributable to legal fees necessary to file resale S-1 registration statements needed to register shares sold in private placements, $224,818 in taxes, including annual franchise taxes, and $33,221 for travel-related expenses, partially offset by a decrease of $267,859 for insurance premiums.

Legal Expenses (Recoveries), Net

For the nine months ended September 30, 2025, the Company reported a contra expense of $1.6 million for legal expenses (recoveries), net, reflecting a $2.0 million insurance recovery and legal fees of $397,470. For the nine months ended September 30, 2026, the Company reported an expense of $14,583 for legal expenses (recoveries), net.

Interest Expense

In the nine months ended September 30, 2025 and 2026, the Company recognized interest expense of $632,923 and $351,612, respectively, including the following items which were reported within Interest expense on the condensed statements of operations:

- For the nine months ended September 30, 2025 and 2026, $275,710 and $270,015 in cash for interest, respectively, related to the 2022 Loan, which were recognized as an expense in both periods.
- For the nine months ended September 30, 2025 and 2026, $227,931 and $63,544 in interest expense, respectively, related to the Secured Notes.
- For the nine months ended September 30, 2025 and 2026, $39,722 and $10,278 in accretion expense for original issue discount of the Guaranteed Promissory Note which was repaid on February 6, 2026.
- For the nine months ended September 30, 2025 and 2026, $7,775 for amortization of debt issuance costs related to the 2022 Loan in each period
- For the nine months ended September 30, 2025, the Company recognized $8,961 for amortization of debt issuance costs related to the Secured Notes.
- For the nine months ended September 30, 2025 and 2026, the Company recognized $72,824 in other costs.

Change in Fair Value of Investment and Contingent Liability

There was a net change in the fair value of investment in AlloTera Therapeutics shares and the related contingent liability of an increase of $782,404 in the nine months ended September 30, 2025. There was no change in fair value in the nine months ended September 30, 2026.

Change in Fair Value of Warrant Liability

In the nine months ended September 30, 2026, the Company recognized a change in fair value of a warrant liability of $1.8 million. On June 15, 2026, the underlying warrants were reclassified to permanent equity.

Loss on Sale of Put Shares

In the nine months ended September 30, 2025, the Company recognized a $182,146 loss for the loss on the sale of put shares, related to the 475,000 shares sold using the Company's SEPA with gross proceeds of $2.2 million. The Company did not sell any put shares through our SEPA in the comparable period of 2026.

Loss on Equipment

In the three months ended September 30, 2026, the Company recognized a $494,683 loss on equipment, as a result of a settlement and waiver agreement with the manufacturer. See Note 12. Commitments and Contingencies, Legal Matters. In addition, in connection with this transaction, the Company derecognized an obligation of $1.2 million owed on this equipment, which was included within Accounts payable on the accompanying condensed balance sheet, and an asset of $1.7 million, which was included within construction in progress within Property, plant and equipment, net in the accompanying condensed balance sheet.

Gain on Extinguishment of Liability

In the nine months ended September 30, 2026, the Company paid $1.2 million in cash to settle a $1.7 million obligation owed to EirGenix, a CDMO, resulting in a gain on extinguishment of liability of $483,383.

Other Income, Net

The change in Other income, net was de minimis, from $54,412 for the nine months ended September 30, 2025 and $19,992 for the nine months ended September 30, 2026.

Liquidity and Capital Resources

Sources of Liquidity

As of September 30, 2026, the Company had a cash and cash equivalents of $1.0 million. The Company has not generated any revenue from commercial product sales of its internally developed immunotherapeutic products. During its development activities, the Company has sustained operating losses, experienced negative operating cash flows and negative working capital position and expects to continue to incur operating losses for the foreseeable future. Since inception to September 30, 2026, the Company incurred cumulative net losses of $110.8 million.

From inception to September 30, 2026, the Company has funded operations primarily through the sale of equity securities; issuance of Senior Notes; revenues generated from the Company's exclusive worldwide licenses to develop and commercialize certain internally-developed molecules, and sale clinical materials for research and clinical studies for our licensees. On March 16, 2026, the Trimmune License transaction closed upon receipt of the full upfront license fee. For the three and nine months ended September 30, 2026, the Company recognized revenues of $51,169 and $6.7 million, respectively, related to the Trimmune License. The Trimmune License included a nonrefundable license fee, consisting of a $2.9 million cash payment, net of taxes withheld by the Chinese government, and a transferable minority equity interest in Trimmune valued at $3.5 million. Since Trimmune is a private company, there is limited ability to liquidate the equity interest at this time.

On May 21, 2026, the Company elected to terminate its exclusive worldwide license with AlloTera Therapeutics and recapture the rights to the licensed molecules. AlloTera Therapeutics made a strategic decision to focus on bringing off-the-shelf CAR-T therapies to patients with T-cell cancers. The Company retained its 2.2 million shares of AlloTera Therapeutics received as an in-kind payment for a portion of the nonrefundable upfront license fee. AlloTera Therapeutics is a pivotal-stage biotechnology company with a promising technology. However, since they are a private company, there is limited ability to liquidate the shares of common stock at this time. The Company has used the share effectively in retiring nearly $8.0 million of debt during the nine months ended September 30, 2025 and 2026.

On September 4, 2026, the Company signed an exclusive global distribution agreement (excluding China) with a biopharmaceutical manufacturing company to commercialize the Company's multi-cytokine fusion HCW11-006 for use as a reagent in CAR-T cell manufacturing ("Distribution Agreement"). The Distribution Agreement has a 5-year term that will commence upon closing which must occur no later than November 30, 2026. The Company will receive a total of $500,000 in advances paid over the term of the agreement, beginning with $200,000 at closing, $100,000 30-days after closing, and $200,000 in subsequent years.

In the three months ended September 30, 2026, the Company raised $3.1 million in gross proceeds from equity offerings. On July 29, 2026 the Company completed a $1.6 million private placement with a group of investors, including officers, directors and an existing stockholder of the Company. Pursuant to a securities purchase agreement entered into with the investors, the Company agreed to issue and sell an aggregate of 618,682 units. There were 218,682 units sold for $2.585 per unit, which consisted of one share of the Company's Common Stock and the right to one Common Stock Warrant that may be exercised to purchase up to 218,682 shares of Common Stock at $2.585 per share; and 400,000 units sold for $2.5849 per unit which consisted of one Pre-Funded Warrant that may be exercise to purchase up to 400,000 shares of Common Stock for $0.0001 per share and the right to one Common Stock Warrant to purchase up to 400,000 shares of Common Stock for $2.585 per share. The Common Stock Warrants purchased in this transaction will be issued once approved by the Company's stockholders. The Company will hold a Special Meeting of Stockholders to vote on the issuance of these warrants on November 17, 2026. On August 31, 2026, the SEC declared effective a resale registration statement on Form S-1 (File No. 333-298452) covering the resale of shares of Common Stock and warrants issued in this private placement. On September 1, 2026, the holder exercised all outstanding Pre-Funded Warrants issued in connection with this transaction, and the Company issued 400,000 shares of Common Stock.

On September 24, 2026, the Company completed a $1.5 million private placement with a single institutional investors. Pursuant to a securities purchase agreement entered into on September 23, 2026 with the investor, the Company agreed to issue and sell an aggregate of 903,614 units for $1.6599 per unit, with each unit consisting of one Pre-Funded Warrant that may be exercised to purchase one share of the Company's Common Stock for $0.0001 per share, and the right to receive one Common Warrant that may be exercised to purchase one share of Common Stock for $1.66 per share. The Common Stock Warrants purchased in this transaction will be issued once approved by the Company's stockholders. The Company will hold a Special Meeting of Stockholders to vote on the issuance of these warrants on January 26, 2027. On October 9, 2026, the SEC declared effective a resale registration statement on Form S-1 (File No. 333-299271) covering the resale of shares of Common Stock and warrants issued in this private placement. On October 13, 2026, the holder exercised some of its outstanding Pre-Funded Warrants issued in connection with this transaction, and the Company issued 755,614 shares of Common Stock; and on October 23, 2026, the holder exercised its remaining Pre-Funded Warrants and the Company issued 148,000 shares of Common Stock.

On December 30, 2025, the Company entered a settlement agreement with Cooley related to legal fees incurred in connection with the defense of Dr. Wong. As a result of that agreement, the Company, Dr. Wong and Cooley agreed to settle a $7.5 million obligation for $2.0 million in cash and contingent payments up to $5.5 million upon achievement of certain triggering events, all of which were deemed to be remote as of December 31, 2025. In accordance with the terms of the settlement agreement, $500,000 was paid on December 31, 2025. During the nine months ended September 30, 2026, the Company paid Cooley $760,000. The parties entered into an amended settlement agreement on October 27, 2026, in which the parties agreed to repayment of $740,000 by January 29, 2027, including interest. The triggering events for contingent payments for up to $5.5 million, which were not amended, were deemed to be remote as of September 30, 2026. As of September 30, 2026, the Company has a liability of $5.4 million for remaining amounts owed for legal fees related to the Arbitration which continue to remain outstanding which are reported within Account payable on the accompanying condensed balance sheet.

As of September 30, 2026, there are mechanics liens related to unpaid invoices issued in connection with the construction and renovation of a property owned by the Company. On April 17, 2025, the Company received a summons and a copy of a complaint filed by BE&K in the Circuit Court of the 17th Judicial Circuit in and for Broward County, Florida (the "BE&K Complaint"). Other Defendants named in the BE&K Complaint who are subcontractors elected to file counterclaims and cross-claims as part of their responses to the BE&K Complaint. To our knowledge as of the date hereof, Cogent Bank, also named as a Defendant in the BE&K Complaint, has not elected to take legal action at this time. In addition, on April 28, 2025, the Company received a summons and a copy of a complaint filed by Fisk Electric Company (which is a defendant in the BE&K Complaint) in the Circuit Court of the 17th Judicial Circuit in and for Broward County, Florida (the "Fisk Complaint") against the Company, BE&K, and the other defendants in the BE&K Complaint. The cases have been consolidated. As of September 30, 2026, the Company owes BE&K and other subcontractors $2.2 million, which is reported within Accounts payable on the accompanying condensed balance sheet.

On June 26, 2026, as part of a settlement with B&I Contractors, Inc. ("B&I"), we received notice that B&I had filed a voluntary dismissal with prejudice of its crossclaims against us in the matter *BE&K Building Group, LLC v. HCW Biologics Inc., et al.* pending in the Circuit Court of the Seventeenth Judicial Circuit in and for Broward County, Florida. The matter arose from a mechanics' lien filed by B&I in connection with allegedly unpaid invoices relating to renovation work at our facility located at 3300 Corporate Way, Miramar, Florida, which is being renovated for future office and laboratory use. In connection with the settlement, B&I filed a final satisfaction of lien releasing a lien in the amount of approximately $1.1 million. The dismissal and satisfaction of lien completed the parties' settlement and fully resolved all amounts claimed to be owed by us to B&I. There was no gain or loss on the settlement with B&I.

On October 24, 2025, the Company was notified by Cogent Bank that it exercised its discretion to make a demand that the Company cure the defaults no later than thirty (30) days after receipt of this letter in strict compliance with Section 7.2(3) of the Loan Agreement by: (i) paying and discharging all of the Claims of Lien and causing satisfactions to be recorded in the Public Records of Broward County, Florida for all of the Claims of Lien, and (ii) resolving all litigation against the Borrower and the mortgaged property described in the Mortgage and causing such claims in the Foreclosure Actions to be dismissed and all related notices of lis pendens to be released. The Company and Cogent Bank are negotiating terms for a forbearance agreement to provide additional time for the Company to comply with the demands Cogent Bank made in their demand letter. As of September 30, 2026, the balance due under the Loan Agreement was $6.1 million.

On October 22, 2026, the Company entered a listing agreement with an internationally recognized real estate company to market and sell the Property. The listing agreement contemplated completion of forbearance agreements with lienholders and Cogent Bank, which are in the process of being finalized but not completed as of the date of issuance. The forbearance agreements contemplate the sale of the Property. On November 4, 2026, the Company listed its Property for sale for $15.0 million.

On May 26, 2026, we paid all amounts due under a settlement agreement with EirGenix, Inc. ("EirGenix"), our contract development and manufacturing organization, relating to manufacturing costs. Pursuant to the settlement agreement entered into on December 9, 2025, EirGenix agreed to accept $1.2 million in full satisfaction of approximately $1.7 million of outstanding amounts, provided payment was made by an agreed deadline. We paid $620,000 on March 3, 2026 and the remaining $620,000 on May 26, 2026. As a result, all obligations under the settlement agreement were satisfied and the related unpaid invoices and disputed credits were fully resolved. There was a gain on extinguishment of a liability of $483,383 recognized in the nine months ended September 30, 2026 related to the settlement with EirGenix.

The accompanying condensed financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above. The Company believes that substantial doubt exists regarding its ability to continue as a going concern for at least 12 months from the date of issuance of the Company's condensed financial statements, without additional funding or financial support. After considering management's plan for financing and funds raised that are probable to occur within one year, as well as that the Company expects to continue to incur losses from operations for the foreseeable future, management concluded that the substantial doubt that existed in its going concern analysis as of September 30, 2026 was not alleviated.

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;
- costs, timing, and outcome of regulatory review of our product candidates;
- number of trials required for regulatory approval;
- whether we enter into any cooperative, collaboration or co-development agreements and the terms of such agreements;
- whether we raise additional funding through bank loan facilities, other debt arrangements, out-licensing or joint ventures, cooperative agreements or strategic collaborations;
- effect of competing technology and market developments;
- cost of maintaining, expanding, and enforcing our intellectual property rights;
- impact of future arbitration, litigation, regulatory inquiries, or investigations, as well as costs to indemnify our officers and directors against third-party claims related to our patents and other intellectual property:
- impact of legal actions taken by BE&K and other lien holders related to foreclosure and other claims; 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 Nine Months Ended September 30, 2025 and 2026

The following table summarizes our cash flows for the nine months ended September 30, 2025 and 2026:

	Nine Months Ended September 30,	
	2025	**2026**
Cash used in operating activities	$ (10,036,100)	$ (8,161,991)
Cash provided by financing activities	6,458,437	7,164,985
Net decrease in cash and cash equivalents	**$ (3,577,663)**	**$ (997,006)**

Operating Activities

Net cash used in operating activities was $10.0 million for the nine months ended September 30, 2025 and $8.2 million for the nine months September 30, 2026.

Cash used in operating activities for the nine months ended September 30, 2025 consisted primarily of Net loss for the period of $8.7 million, a decrease in Accounts payable and other liabilities of $3.1 million and an adjustment for a noncash transaction of a change in fair value of investment and contingent liability, net of $782,404, partially offset by $551,534 of cash provided by a decrease in Accounts receivable, $162,903 of cash provided from a decrease in Prepaid expenses and other assets, and several adjustments to reconcile net loss to net cash used in operating activities. Adjustments for noncash transactions provided $2.0 million of cash by operating activities, including $884,831 in Depreciation and accretion expense, $759,441 for Stock-based compensation, $150,000 for a Commitment fee paid in shares of the Company's Common Stock, and $182,146 for a Loss on sale of put shares issued under the provisions of the SEPA.

Cash used in operating activities for the nine months ended September 30, 2026 consisted primarily of a Net loss for the period of $5.0 million, noncash revenue in the form of an in-kind payment of a transferable minority equity interest in Trimmune recognized at the fair value of $3.5 million, $2.2 million of cash used to decrease Accounts payable and other liabilities, a Gain on extinguishment of a liability of $483,383 and a $53,179 increase in Prepaid expenses and other assets. The uses were partially offset by an increase of $297,101 in Deferred revenue related to contract liabilities under the Trimmune License and noncash adjustments, including a $1.8 million Change in fair value of warrant liability, $389,216 for Depreciation and accretion and $11,603 for Stock-based compensation.

Financing Activities

During the nine months ended September 30, 2025, $6.5 million of cash provided by financing activities consisted of the following:

- $3.5 million in gross proceeds for the issuance of shares of the Company's Common Stock, $2.0 million of which were proceeds received from the sale of shares under the Company's Standby Equity Purchase Agreement.
- $3.8 million in gross proceeds for the issuance of Pre-Funded Warrants may be exercised to purchase shares of the Company's Common Stock.
- $150,000 in gross proceeds upon the issuance of a promissory note secured by a personal guarantee by the Company's Founder and Chief Executive Officer.
- $888,399 used for issuance costs.
- $94,776 used to repay debt.

During the nine months ended September 30, 2026, $7.2 million of cash provided by financing activities consisted of the following:

- $612,643 of proceeds from the issuance of shares of the Company's Common Stock.
- $8.0 million in gross proceeds for the issuance of Pre-Funded Warrants and Common Stock Warrants.
- $250,000 in gross proceeds upon the issuance of a senior secured note.
- $1.4 million used for issuance costs.
- $325,471 used to repay debt.

In the nine months ended September 30, 2025, there were significant noncash transactions. The Company restructured and extinguished $7.4 million of Secured Notes and accumulated accretion for a fixed bonus payable upon Maturity Date, in exchange for shares of Common Stock, warrants to exercise for Common Stock, and the right to receive proceeds upon the liquidation or sale of a portion of the Company's shares of AlloTera Therapeutics common stock. Because this was a transaction with related parties, the $4.0 million gain from restructuring was recorded to additional paid-in capital for the period ended September 30, 2025. Also during this period, the Company closed on a $5.0 million financing in which it issued shares of the Company's Common Stock and warrants to exercise to purchase shares of the Company's Common Stock and repriced previously issued warrants with an existing stockholder of the Company. The Company estimated fair value of the securities issued and repriced warrants was $15.2 million. The difference between the gross proceeds and fair value was recognized as an equity dividend to investors, as this transaction was with an existing stockholder of the Company. The Company recorded a $10.2 million dividend to additional paid-in capital as of September 30, 2025.

In the nine months ended September 30, 2026, the Company closed financing transactions of $8.6 million in gross proceeds with an estimated $23 million fair value of securities issued. The difference between the gross proceeds and fair value was recognized as an equity dividend to investors, as transactions were with existing stockholders of the Company. The Company recorded $14.4 million dividend to investors within additional paid-in capital for the period ended September 30, 2026.

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 financial statements appearing elsewhere in this Quarterly Report on Form 10-Q for more information.

Earnings per Share

The Company computes basic and diluted earnings per share using the two-class method because certain warrants the Company issued are a participating security that contractually participates with the Company's Common Stock in any cash dividend or other distribution declared on the Common Stock on an as-converted basis (the "Participating Warrants"). These warrants do not have a contractual obligation to share in the Company's losses.

Under the two-class method, net income is allocated between Common Stockholders and the holders of the Participating Warrants based on their respective participation rights, and is computed using the more dilutive of (i) the two-class method with dilutive common share equivalents included in the denominator, with a corresponding reallocation of undistributed earnings, or (ii) the if-converted method, which adds preferred-as-converted shares to both the numerator (adding back preferred dividends) and the denominator. For periods in which the Company reports a net loss, no portion of the loss is allocated to the Participating Warrants. The Company reports distributed and undistributed allocations of earnings on a cumulative period basis in accordance with contractual participation rights. As of September 30, 2026, there were participating warrants outstanding that may be exercised to purchase up to 524,501 shares of Common Stock.

Basic loss per share is computed by dividing net loss attributable to Common Stockholders by the weighted-average number of common shares outstanding during the period. Diluted loss per share gives effect to all potentially dilutive common shares outstanding during the period, including employee stock options and Common Stock Warrants, using the treasury stock method. Potentially dilutive securities, including warrants that may be exercised to purchase up to 1,411,780 shares of Common Stock and options that may be exercised to purchase up to 7,367 shares of Common Stock, are excluded from the diluted loss per share computation when their effect would be anti-dilutive.

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.

Recent Accounting Pronouncements

The Company will cease to qualify as an emerging growth company effective December 31, 2026. We expect to remain a nonaccelerated filer and smaller reporting company. The Company is currently assessing potential regulatory and operational changes that may be required as a result.

See also Note 1 to our Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As of September 30, 2026, we had cash and cash equivalents of $1.0 million including cash, cash equivalents and market investments. 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 investments in private companies, consisting of our shares of AlloTera Therapeutics common stock and our equity interest in Trimmune, reported within Investments in the accompanying condensed balance sheet. Until such time as these shares become publicly traded, we will have limited ability to liquidate these securities.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of September 30, 2026, our management, with participation of our principal executive officer and principal financial officer, performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a – 15(e) under the Exchange Act). In prior reporting periods, two material weaknesses in internal controls over financial reporting (described below) were identified and have not yet been remediated. Our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of September 30, 2026.

The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act). Internal control over financial reporting is a process designed under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States.

Previously Reported Material Weaknesses

As of December 31, 2025, management identified a material weakness related to management's assessment of long-lived assets for impairment. As a result the Company was at risk of a material misstatement in its financial statements by failing to recognize an impairment of $1.5 million for an impairment of the Company's building, which could have resulted in overstating the value of long-lived assets by $1.5 million.

As of March 31, 2026, management identified a material weakness in the Company's internal control over financial reporting related to a lack of precision of review to identify the improper application of the accounting guidance for warrant modifications under ASC 815-40 for the modification of warrants issued in November 2025 (the "Warrants"). In connection with a financing completed on February 17, 2026, the Company agreed, subject to stockholder approval which was obtained on June 15, 2026, to reprice the Warrants from an exercise price of $14.46 per share to $3.633 per share. The Company originally concluded the modification did not result in a change in the instrument's classification. As a result of the material weakness, the Company determined that the Warrants should have been reclassified from equity to a liability and accordingly recognized a warrant liability of approximately $1.6 million on February 17, 2026. The warrant liability is required to be remeasured at fair value at each subsequent reporting date, with changes in fair value recognized in earnings. On June 15, 2026, the Company's stockholders approved the pricing of these Warrants at $3.633 per share, and thus these warrants were reclassified as equity as of June 30, 2026.

Management identified a material weakness in the Company's internal control over financial reporting related to a lack of precision in the review process used to determine the appropriate accounting treatment of participating warrants and the application of the two-class method for calculating earnings per share ("EPS") in the three months ended March 31, 2026. Specifically, the Company did not appropriately allocate undistributed earnings between Common Stock and participating securities with non-forfeitable dividend rights. Management determined that these errors constituted a material misstatement of EPS. As a result, the Board of Directors and management determined the quarterly report issued on May 14, 2026 could no longer be relied upon, and an amended quarterly report as of March 31, 2026 was filed on August 14, 2026. After giving retrospective effect to the Company's reverse stock split effective on June 30, 2026 for the period ended March 31, 2026, the Company had 904,312 weighted-average shares of Common Stock outstanding and had outstanding participating warrants which may be exercised for 524,501 shares of Common Stock. On a post-split basis, as a result of the misapplication of the two-class method, the Company originally reported basic and diluted EPS for the three months ended March 31, 2026 of $2.19 per share, an overstatement of $0.80 per share, caused by applying a 100% allocation of undistributed earnings to the weighted average shares outstanding; however, the Company should have allocated approximately 63.3% of the applicable undistributed earnings to Common Stock and approximately 36.7% to the participating securities. The error affected EPS as presented on the face of the statement of operations and in the related EPS disclosures. This correction did not impact any other reporting periods.

The Company has not yet remediated the material weakness identified as of December 31, 2025 related to the assessment of long-lived assets for impairment. In addition, management identified a material weakness in the Company's internal control over financial reporting related to a lack of precision in the review control over the application of technical accounting guidance for complex warrant instruments and financing transactions which has not been remediated as of September 30, 2026.

Remediation Plans for Material Weaknesses in Internal Controls over Financial Reporting

We are committed to establishing and maintaining a strong internal control environment. In response to the identified material weakness as described above, the Company's Board of Directors and its Audit Committee are conducting an internal investigation to determine the root cause of the material weaknesses, with advice from outside advisors. Upon conclusion of this investigation, they will work with management to evaluate internal controls over financial reporting based on criteria set forth in "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Remediation plans will include obtaining a current appraisal at least once a year in preparation for the Annual Report, and more often if the market appears to be weakening or other triggers for an indication of impairment have occurred. Management intends to establish procedures to ensure proper monitoring of indicators of impairment such as a significant market price decrease, adverse changes in physical condition/usage, legal factors, or current-period operating losses, for each reporting period. For complex transactions, management resolved to allow for more time and resources to determine proper accounting and disclosure of these transactions. Management intends to enhance the precision of the Company's technical accounting review control by establishing formal consultation and escalation criteria for complex warrant and financing arrangements, including required legal interpretation where contractual provisions may affect the accounting conclusion, and by requiring documented evaluation of all relevant contractual terms and evidence that identified accounting and legal considerations have been fully resolved before the accounting treatment is finalized. Require documented evaluation of all relevant contractual terms and evidence that identified accounting and legal considerations were fully resolved before the accounting treatment is finalized.

Inherent Limitations of Internal Controls

While we strive to create a stronger control environment, we recognize that it is impossible for our internal controls over financial reporting to prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. While we are committed to continuously improve and strengthen our control environment, over time, our internal controls over financial reporting may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Projections of any evaluation of effectiveness to future periods are subject to the risk that internal controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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) under the Exchange Act during the three months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, the Company is a party to or otherwise involved in legal proceedings, including suits, assessments, regulatory actions and investigations generally arising out of the normal course of business. Such proceedings can be costly, time consuming, and unpredictable. Therefore, no assurance can be given on the outcome of any proceeding or the potential impact on our results of operations or financial condition.

The legal matters included in our Annual Report 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. Additional facts not presently known to us or that we currently deem immaterial may also impair our business, financial condition and results of operations.

Arbitration, Settlement and General Release

On July 18, 2024, we announced that, as of July 13, 2024, we and Dr. Hing C. Wong, our Founder and Chief Executive Officer, entered into a confidential Settlement Agreement and Release (the "Settlement Agreement") with Altor BioScience, LLC ("Altor"), NantCell, Inc. ("NantCell"), and ImmunityBio, Inc. (the parent of Altor and NantCell, together with Altor and NantCell, "ImmunityBio"), to resolve the previously disclosed Arbitration. The Arbitration and related Complaint were dismissed with prejudice on or about December 24, 2024. The Company retains ownership and control of the TOBI^{TM} platform and TOBI-based molecules, with no restrictions under the Settlement Agreement on our ability to use the TOBI^{TM} platform for protein-fusion molecules for non-oncology indications. We have rights to pursue oncology indications, in particular using HCW9302, HCW9206 and HCW9201. Further, the Company retains ownership of the AlloTera Therapeutics license and shares of AlloTera Therapeutics common stock transferred to the Company as the upfront licensing fee from AlloTera Therapeutics for granting the AlloTera Therapeutics license. For our molecule, HCW9218, we maintain the exclusive rights for clinical development and use of HCW9218 in the treatment of all non-oncological diseases. We retain ownership of our lead molecule, HCW9302, which expands T_{reg} cells and is designed to treat autoimmune diseases and other proinflammatory diseases, including cancer, and the ownership of HCW9206, a preclinical molecule which we are developing as a commercial-ready reagent for use in the manufacture of cell-based immunotherapeutics. The Company agreed to provide ImmunityBio with a right of first refusal to enter a licensing agreement for oncology indications for HCW9206. We have no restrictions on the development of HCW9206 for our own clinical development activities, including oncology indications. Under the terms of the Settlement Agreement, ImmunityBio will own the cell line and supply for HCW9218, and the parties agreed that within six months from the date of the Settlement Agreement they will enter into a supply agreement providing the Company with a continuing supply of HCW9218 molecules. The Company also retains *in vivo* rights to HCW9201, a combination of IL-12, IL-15, and IL-18 in a single protein complex which is designed to stimulate activation and proliferation signals in human NK cells. The Company retains ownership of the cell lines for HCW9302, HCW9206 and HCW9201, and thus will retain independent control over manufacturing and supply for these compounds.

The Company entered into the Settlement Agreement to avoid the costs, disruption and distraction of further litigation. On December 30, 2025, the Company entered a settlement agreement with Cooley LLP ("Cooley") related to the remaining balance of $7.5 million still outstanding for the payment of legal fees incurred in connection the defense of Dr. Hing C. Wong, the Company's Founder and Chief Executive Officer. As a result of that agreement, the Company, Dr. Wong and Cooley agreed to settle a $7.5 million obligation for $2.0 million in cash and contingent payments up to $5.5 million upon achievement of certain triggering events, all of which were deemed to be remote as of September 30, 2026. In accordance with the terms of the settlement agreement, as amended, the Company paid Cooley $500,000 on December 31, 2025, $750,000 on March 20, 2026 and $10,000 on August 31, 2026. On October 27, 2026, the parties agreed to amend terms of the settlement agreement related to a cash payment of $740,000 as well as certain terms of the contingent note. They agreed that the Company would make monthly progress payments to Cooley and that interest would accrue at 8% per annum until the $740,000 is paid in full, and the parties extended the final due date for that amount to January 29, 2027. The terms for the triggering events upon which payments become due under the contingent promissory note remain unchanged and were considered remote as of the date of filing of this report. As of December 31, 2025 and September 30, 2026, the Company reported a liability of $6.2 million and $5.4 million, respectively, for remaining amounts owed for legal fees related to the Arbitration which continue to remain outstanding.

Legal Matters related to Real Estate

On April 17, 2025, the Company received a summons and a copy of a complaint filed by BE&K in the Circuit Court of the 17th Judicial Circuit in and for Broward County, Florida (the "BE&K Complaint") alleging lien foreclosure and breach of contract. Other Defendants named in the BE&K Complaint who are subcontractors elected to file counterclaims and cross-claims in response thereto. To our knowledge as of the date hereof, Cogent Bank, also named as a Defendant in the BE&K Complaint, has not elected to take legal action at this time. In addition, on April 28, 2025, the Company received a summons and a copy of a complaint filed by Fisk Electric Company (which is a defendant in the BE&K Litigation) in the Circuit Court of the 17th Judicial Circuit in and for Broward County, Florida (the "Fisk Complaint") against the Company, BE&K, and the other defendants in the BE&K Complaint. The cases have been consolidated. The remaining parties are engaged in discovery. The court has set the BE&K matter for a five-day jury trial in December 2026. There will also be a pretrial conference on November 20, 2026. As of September 30, 2026, a balance of $2.2 million remains for amounts owed to BE&K and other lien holders.

On June 26, 2026, as part of a settlement with B&I Contractors, Inc. ("B&I"), we received notice that B&I had filed a voluntary dismissal with prejudice of its crossclaims against us in the matter *BE&K Building Group, LLC v. HCW Biologics Inc., et al.* pending in the Circuit Court of the Seventeenth Judicial Circuit in and for Broward County, Florida. The matter arose from a mechanics' lien filed by B&I in connection with allegedly unpaid invoices relating to renovation work at our facility located at 3300 Corporate Way, Miramar, Florida, which is being renovated for future office and laboratory use. In connection with the settlement, B&I filed a final satisfaction of lien releasing a lien in the amount of approximately $1.1 million. The dismissal and satisfaction of lien completed the parties' settlement and fully resolved all amounts claimed to be owed by us to B&I. There was no gain or loss on the settlement with B&I.

On October 24, 2025, the Company was notified by Cogent Bank that it exercised its discretion to make a demand that the Company cure the Defaults no later than thirty (30) days after receipt of this letter in strict compliance with Section 7.2(3) of the Loan Agreement by: (i) paying and discharging all of the Claims of Lien and causing satisfactions to be recorded in the Public Records of Broward County, Florida for all of the Claims of Lien, and (ii) resolving all litigation against the Borrower and the mortgaged property described in the Mortgage and causing such claims in the Foreclosure Actions to be dismissed and all related notices of lis pendens to be released. The Company and Cogent Bank have had negotiations attempting to come to terms on a forbearance agreement to provide additional time for the Company to comply with the demands Cogent Bank made in the demand letter.

On October 22, 2026, the Company entered a listing agreement with an internationally recognized real estate company to market and sell the Property. The listing agreement contemplated completion of forbearance agreements with lienholders and Cogent Bank, which are in the process of being finalized but not completed as of the date of issuance. The forbearance agreements contemplate the sale of the Property. On November 4, 2026, the Company listed its Property for sale for $15.0 million.

Other Matters

On May 26, 2026, we paid in full all amounts due under a settlement agreement with EirGenix, Inc. ("EirGenix"), our contract development and manufacturing organization, relating to manufacturing costs. Pursuant to the settlement agreement entered into on December 9, 2025, EirGenix agreed to accept $1.2 million in full satisfaction of approximately $1.7 million of outstanding amounts, provided payment was made by an agreed deadline. As a result, all obligations under the settlement agreement were satisfied and the related unpaid invoices and disputed credits were fully resolved.

On June 26, 2025, the Company received formal notice from The Nasdaq Stock Market LLC ("Nasdaq") that the Company is in compliance with Listing Rule 5550(b)(1) (the "Equity Rule"). On October 2, 2026, the Company received formal notice from Nasdaq that the Company maintained compliance with Listing Rule 5550(a)(2) (the "Bid Price Rule," along with all of the applicable continued listing requirements until September 22, 2026, as required by the Panel decision dated May 29, 2026, as amended.

On July 29, 2026, the SEC temporarily stayed the effectiveness of its July 22, 2026 order approving the Nasdaq's proposed rule change to adopt a new $5.0 million Market Value of Listed Securities continued listing requirement. In accordance with Rule 431(e), the July 22, 2026, order is stayed until the Commission orders otherwise.

Item 1A. Risk Factors.

There have been no material changes to the risk factors previously disclosed by us in our Annual Report. The risk factors included our Annual Report 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. 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.

Sale of Unregistered Shares of Common Stock

During the three months ended September 30, 2026, we sold the following securities without registration under the Securities Act:

On July 29, 2026, the Company completed a private placement with certain accredited investors in which the Company sold 618,682 units, each unit consisting of one share of Common Stock, or a Pre-Funded Warrant in lieu thereof, and (ii) the right to receive one Common Stock Warrant upon, and subject to, stockholder approval of the issuance of such Common Stock Warrants, which approval the Company is obligated to seek pursuant to the terms of the purchase agreement. Gross proceeds of the offering were approximately $1.6 million before deducting offering expenses. The Company entered into a Registration Rights Agreement pursuant to which it agreed to file a registration statement covering the resale of the shares of Common Stock issued in the private placement, the shares issuable upon exercise of the Pre-Funded Warrants and the shares issuable upon exercise of the Common Stock Warrants. Hing C. Wong, Ph.D., our Founder and Chief Executive Officer, Scott Garrett, Chairman of our board of directors, and Lee Flowers, our Senior Vice President of Business Development, participated in the private placement on the same terms and conditions as the other investor.

On September 23, 2026, the Company entered into a Securities Purchase Agreement ("September 2026 SPA") with Armistice Capital Master Fund Ltd., pursuant to which the Company agreed to issue and sell 903,614 units in a private placement. Each unit consisted of (i) one pre-funded warrant to purchase one share of the Company's common stock and (ii) the right to receive one common stock purchase warrant upon, and subject to, stockholder approval of the issuance of such common stock warrants, which approval the Company is obligated to seek pursuant to the terms of the September 2026 SPA. The units were sold at a purchase price of $1.6599 per unit, for aggregate gross proceeds of approximately $1.5 million before deducting placement agent fees and other offering expenses. The Company entered into a Registration Rights Agreement with the investor pursuant to which it agreed to file a registration statement covering the resale of the shares issuable upon exercise of the pre-funded warrants and the shares issuable upon exercise of the common stock warrants. On October 9, 2026, the SEC declared effective a resale registration statement on Form S-1 (File No. 333-299271) covering the resale of shares of Common Stock and warrants issued in this private placement.

The foregoing issuances were made in reliance upon exemptions from registration under Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D promulgated thereunder, as applicable.

Issuer Repurchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities.

Not Applicable.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

Insider Adoption or Termination of Trading Arrangements

During the fiscal quarter ended September 30, 2026, none of our directors or officers informed us of the adoption, modification or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Regulation S-K, Item 408.

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.

		Incorporated by reference				Filed or furnished herewith
Exhibit No.	Exhibit title	Form	File No.	Exhibit No.	Filing date	
3.1	Amended and Restated Certificate of Incorporation	8-K	001-40591	3.1	07/26/2021	
3.1a	Certificate of Amendment of Certificate of Incorporation, filed March 31, 2025	8-K	001-40591	3.1a	04/01/2025	
3.1b	Certificate of Correction of the Certificate of Amendment of Certificate of Incorporation, filed April 1, 2025	8-K	001-40591	3.1b	04/01/2025	
3.1c	Certificate of Amendment of Certificate of Incorporation, filed June 24, 2026	8-K	001-40591	3.1	06/26/2026	
3.2	Amended and Restated Bylaws	8-K	001-40591	3.2	07/26/2021	
4.1	Specimen Stock Certificate	S-1/A	333-256510	4.1	07/09/2021	
4.2	Description of Securities	10-K	001-40591	4.2	03/29/2022	
4.3	Form of New Warrant	8-K	001-40591	4.1	11/20/2025	
4.4	Form of Common Stock Purchase Warrant	8-K	001-40591	4.1	02/19/2026	
4.5	Form of Common Stock Warrant, dated May 7, 2025, by and between Company and Holder named therein	10-Q	001-40591	10.13	08/18/2025	
4.6	Form of Common Stock Purchase Warrant, dated May 21, 2026, by and between Company and Holder named therein	8-K	001-40591	4.2	05/21/2026	
4.7	Form of Pre-Funded Common Stock Purchase Warrant, dated July 29, 2026, by and between Company and Holder	8-K	001-40591	4.1	07/29/2026	
4.8	Form of Common Stock Purchase Warrant, dated July 29, 2026, by and between Company and Holders	8-K	001-40591	4.2	07/29/2026	
4.9	Form of Pre-Funded Common Stock Purchase Warrant, dated September 23, 2026, by and between Company and Holder	8-K	001-40591	4.1	09/24/2026	
4.10	Form of Common Stock Purchase Warrant, dated September 23, 2026, by and between Company and Holders	8-K	001-40591	4.2	09/24/2026	
10.1	Securities Purchase Agreement, dated February 17, 2026, between Company and Purchaser	8-K	001-40591	10.2	02/19/2026	
10.2	Amendment to Existing Warrants Agreement, dated February 17, 2026, between the Company and Purchaser	8-K	001-40591	10.3	02/19/2026	
10.3	Form of Lock-up Agreement	S-1	333-293396	10.42	02/11/2026	
10.4	Placement Agency Agreement, dated February 17, 2026, between the Company and Maxim Group LLC	8-K	001-40591	10.1	02/19/2026	
10.5	Form of Securities Purchase Agreement dated May 21, 2026, by and between the Company and the Investors	8-K	001-40591	10.1	05/21/2026	
10.6	Form of Registration Rights Agreement dated May 21, 2026, by and between Company and Investors	8-K	001-40591	10.2	05/21/2026	
10.7	Form of Lock Up Agreement dated May 21, 2026, by and between Company and certain Investors, Officers and Directors	10-Q	001-40591	10.07	08/14/2026	
10.8	Form of Placement Agent Agreement, dated May 21, 2026, between the Company and E.F. Hutton & Co. LLC	8-K	001-40591	10.3	05/21/2026	
10.9	Form of Securities Purchase Agreement, between Company and Investors	8-K	001-40591	10.1	07/29/2026	
10.10	Form of Registration Rights Agreement, by and between Company and Investors	8-K	001-40591	10.2	07/29/2026	
10.11	Form of Lock Up Agreement dated July 29, 2026, by and between Company and certain Officers and Directors	10-Q	001-40591	10.11	08/14/2026	
10.12	Form of Securities Purchase Agreement, between Company and Investors	8-K	001-40591	10.1	09/24/2026	
10.13	Form of Registration Rights Agreement, by and between Company and Investors	8-K	001-40591	10.2	09/24/2026	
10.14	Form of Lock Up Agreement dated July 29, 2026, by and between Company and certain Officers and Directors	S-1	333-299271	10.42	10/02/2026	
10.15	Form of Securities Purchase Agreement between Company and Investor	8-K	001-40591	10.1	09/24/2026	
10.16	Form of Lock Up Agreement dated September 23, 2026, by and between Company and certain Officers and Directors					X
10.17	Form of Notes Purchase Agreement by and between the Company and the Lender	8-K	001-40591	10.1	11/05/2026	
10.18	Form of Promissory Note A-1 by and between the Company and the Lender	8-K	001-40591	10.2	11/05/2026	
10.19	Form of Promissory Note B by and between the Company and the Lender	8-K	001-40591	10.3	11/05/2026	
10.20	Form of Deposit Account Control Agreement by and among HCWB Sub, bank and Lender	8-K	001-40591	10.4	11/05/2026	
10.21	Form of Pledge Agreement by and between Company and Lender	8-K	001-40591	10.5	11/05/2026	
10.22	Form of Guaranty Agreement by HCWB Sub in favor of Lender	8-K	001-40591	10.6	11/05/2026	
10.23	Form of Placement Agency Agreement, dated October 29, 2026, between the Company and Maxim Group LLC	8-K	001-40591	10.7	11/05/2026	
10.24	Form of Indemnification Agreement between HCW Biologics Inc. and each of its officers and directors.	S-1/A	333-256510	10.1	07/09/2021	
10.25+	2019 Equity Incentive Plan, as amended, and forms of agreement thereunder.	S-1	333-256510	10.2	07/09/2021	
10.26+	First Amendment to 2019 Equity Incentive Plan.	S-1	333-256510	10.3	07/09/2021	
10.27+	2021 Equity Incentive Plan and forms of agreement thereunder	S-1	333-256510	10.4	07/09/2021	

10.28+	Employment Agreement, dated July 6, 2021, between Peter Rhode and HCW Biologics Inc.	S-1	333-256510	10.6	07/09/2021
10.29+	Employment Agreement, dated October 9, 2019, between Rebecca Byam and HCW Biologics Inc.	S-1	333-256510	10.7	07/09/2021

Exhibit No.	Exhibit title	Incorporated by reference				Filed or furnished herewith
		Form	File No.	Exhibit No.	Filing date	
10.30+	Non-Employee Director Compensation Policy.	S-1	333-256510	10.8	07/09/2021	
10.31+	Employment Agreement, dated June 18, 2021, between Dr. Hing C. Wong and HCW Biologics Inc.	S-1	333-256510	10.13	07/09/2021	
10.32+	Executive Incentive Bonus Plan	S-1	333-256510	10.11	07/09/2021	
10.33†	Exclusive License Agreement, dated December 24, 2020, between HCW Biologics Inc. and Wugen, Inc.	S-1	333-256510	10.10	07/09/2021	
10.34†#	Purchase and Sale Agreement, by and between HCW Biologics Inc. and Wai 3300 Corporate Way, LLC, dated May 27, 2022	10-Q	001-40591	10.1	08/12/2022	
10.35#	Loan Agreement by and between HCW Biologics Inc. and Cogent Bank, dated August 15, 2022	10-Q	001-40591	10.1	11/07/2022	
10.36#	Mortgage and Security Agreement by and between HCW Biologics Inc. and Cogent Bank, dated August 15, 2022	10-Q	001-40591	10.2	11/07/2022	
10.37	Form of Subscription Agreement, dated February 20, 2024, by and between the Company and the Subscribers party thereto	8-K	001-40591	10.1	02/22/2024	
10.38	Form of Amended and Restated Senior Secured Note Purchase Agreement, dated July 2, 2024, by and between the Company and the Purchase party thereto	10-Q	001-40591	10.1	08/14/2024	
10.39	Form of Amended and Restated Pledge Agreement, dated July 2, 2024, by and among the Company, Escrow Agent and Noteholder parties thereto	10-Q	001-40591	10.3	08/14/2024	
10.40	Form of Escrow Agreement, dated May 1, 2024, by and between the Company, Escrow Agent and Noteholder party thereto	10-Q	001-40591	10.4	08/14/2024	
10.41	Form of First Amendment to Amended and Restated Secured Note Purchase Agreement, dated September 30, 2024, by and between the Company and Purchaser party thereto	10-Q	001-40591	10.5	11/14/2024	
10.42	Form of Secured Promissory Note by and between the Company and the Holder party thereof	10-Q	001-40591	10.2	08/14/2024	
10.43	Second Amendment to Amended and Restated Senior Secured Note Purchase Agreement and Related Agreements, dated May 1, 2025, between Company and Holder	10-Q	001-40591	10.12	08/18/2025	
10.44	Equity Purchase Agreement, dated February 20, 2025, between the Company and Square Gate Master Fund - Series 4.	8-K	001-40591	10.1	2/21/2025	
10.45	Registration Rights Agreement, dated February 20, 2025, between the Company and Square Gate Master Fund - Series 4	8-K	001-40591	10.2	2/21/2025	
10.46	First Amendment to the Equity Purchase Agreement, dated August 14, 2025, between the Company and Square Gate Master Fund - Series 4.	8-K	001-40591	10.1	08/15/2025	

Exhibit No.	Exhibit title	Incorporated by reference				Filed or furnished herewith
		Form	File No.	Exhibit No.	Filing date	
10.47	Amended and Restated License, Research and Co-Development Agreement, dated November 17, 2025, between the Company and Beijing Trimmune Biotech Co., Ltd.	S-1	333-293396	10.40	02/11/2026	
10.48†#	Amendment 1 to Amended and Restated License, Research and Co-Development Agreement, dated January 27, 2026, between the Company and Beijing Trimmune Biotech Co., Ltd.	S-1	333-293396	10.43	02/11/2026	
10.49†#	Shareholder Purchase Agreement, dated October 10, 2025, between co-founders of Beijing Trimmune Biotech Co., Ltd., including the Company	S-1	333-293396	10.44	02/11/2026	
10.50	Exclusive License Agreement 12-Month Suspension, dated May 29, 2025, between the Company and Wugen, Inc.	10-Q	001-40591	10.17	8/14/2025	
10.51	Settlement Agreement and Release, dated July 13, 2024, by and between the Company and Altor BioScience, LLC, NantCell, Inc., and ImmunityBio, Inc.	10-Q	001-40591	10.6	11/14/2024	
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 September 30, 2026, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) the Condensed Balance Sheets as of December 31, 2025 and September 30, 2026 (unaudited); (ii) the Condensed Statements of Operations for the three and nine months ended September 30, 2025 (unaudited) and September 30, 2026 (unaudited); (iii) the Condensed Statements of Changes in Stockholders' Equity (Deficit) for the three and nine months ended September 30, 2025 (unaudited) and September 30, 2026 (unaudited); (iv) the Condensed Statements of Cash Flows for the nine months ended September 30, 2025 (unaudited) and September 30, 2026 (unaudited); and (v) 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.*

+ Indicates a management contract or compensatory plan or arrangement.

†† 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 is the type of information the Registrant treats as private and confidential. The Registrant agrees to furnish supplementally such information to the SEC upon request.

 # Certain information in this document has been excluded pursuant to Item 601(a)(5) or (a)(6) of Regulation S-K. 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: November 16, 2026

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

Date: November 16, 2026

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

Exhibit 10.13

FORM OF LOCK-UP AGREEMENT

September 24, 2026

HCW Biologics Inc.
2929 N. Commerce Parkway
Miramar, FL 33025

Re: Securities Purchase Agreement, dated as of September 23, 2026 (the "Securities Purchase Agreement"), between HCW Biologics Inc. (the "Company") and Purchasers (the "Purchasers").

Ladies and Gentlemen:

Defined terms not otherwise defined in this letter agreement (the "Letter Agreement") shall have the meanings set forth in the Securities Purchase Agreement. In satisfaction of a condition of the Company's obligations under the Securities Purchase Agreement, the undersigned irrevocably agrees with the Company that, from the date hereof until one hundred eighty (180) days after the Closing Period (such period, the "**Restriction Period**"), the undersigned will not offer, sell, contract to sell, hypothecate, pledge or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the undersigned or any Affiliate of the undersigned to the extent such Affiliate transaction would be required to be reported by the undersigned during the Restriction Period with the Securities and Exchange Commission in accordance with Section 13 or Section 16 of the Exchange Act), directly or indirectly, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), with respect to, any shares of Common Stock of the Company or securities convertible, exchangeable or exercisable into, shares of Common Stock of the Company beneficially owned, held or hereafter acquired by the undersigned (the "**Securities**"), other than Securities acquired in the Offering, or make any demand for or exercise any right or cause to be filed a registration, including any amendments thereto, with respect to the registration of any shares of Common Stock or Common Stock Equivalents or publicly disclose the intention to do any of the foregoing. Beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act. The undersigned acknowledges that the Company shall provide written notice to the transfer agent of the Company to inform them of the Restriction Period, which written notice shall include notification by email. In order to enforce this covenant, the Company shall impose irrevocable stop-transfer instructions preventing the transfer agent of the Company from effecting any actions in violation of this Letter Agreement.

Notwithstanding the foregoing, and subject to the conditions below, the undersigned may transfer the Securities provided that (1) the Company receives a signed lock-up letter agreement (in the form of this Letter Agreement) for the balance of the Restriction Period from each donee, trustee, distributee, or transferee, as the case may be, prior to such transfer (2) any such transfer shall not involve a disposition for value, (3) such transfer is not required to be reported with the Securities and Exchange Commission in accordance with the Exchange Act and no report of such transfer shall be made voluntarily during the Restricted Period, and (4) neither the undersigned nor any donee, trustee, distributee or transferee, as the case may be, otherwise voluntarily effects any public filing or report regarding such transfers during the Restricted Period, with respect to transfer:

(i) as a bona fide gift or gifts;

(ii) to any immediate family member or to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned (for purposes of this Letter Agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin);

(iii) to any corporation, partnership, limited liability company, or other business entity all of the equity holders of which consist of the undersigned and/or the immediate family of the undersigned;

(iv) if the undersigned is a corporation, partnership, limited liability company, trust or other business entity (a) to another corporation, partnership, limited liability company, trust or other business entity that is an Affiliate of the undersigned or (b) in the form of a distribution to limited partners, limited liability company members or stockholders of the undersigned;

(v) if the undersigned is a trust, to the beneficiary of such trust;

(vi) by operation of law, such as pursuant to a qualified domestic order, divorce settlement, divorce decree, separation agreement or other court order;

(vii) to a charity or educational institution;

(viii) by will, other testamentary document or intestate succession to the legal representative, heir, beneficiary or a member of the immediate family of the undersigned; or

(ix) sales of Common Stock made pursuant to and in accordance with a trading plan pursuant to Rule 10b5-1 under the Exchange Act existing on the date hereof.

In addition, notwithstanding the foregoing, this Letter Agreement shall not restrict (i) the delivery of shares of Common Stock to the undersigned upon exercise of any options or settlement of restricted stock units or other equity awards granted under any employee benefit plan of the Company, or the exercise of warrants; provided in each case that any shares of Common Stock or Securities acquired in connection with any such exercise or settlement will be subject to the restrictions set forth in this Letter Agreement, (ii) the withholding of shares of Common Stock to cover the payment of the exercise prices or the payment of taxes associated with the exercise or settlement of equity set forth in (i) above, or (iii) the issuance to the undersigned of awards by the Company under its equity incentive plans or the issuance of warrants.

Furthermore, the undersigned may enter into any new plan established in compliance with Rule 10b5-1 of the Exchange Act; provided that (i) such plan may only be established if no public announcement or filing with the Securities and Exchange Commission, or other applicable regulatory authority, is made in connection with the establishment of such plan during the Restriction Period and (ii) no sale of shares of Common Stock are made pursuant to such plan during the Restriction Period.

The undersigned acknowledges that the execution, delivery and performance of this Letter Agreement is a material inducement to the Purchasers to complete the transactions contemplated by the Securities Purchase Agreement and the Company shall be entitled to specific performance of the undersigned's obligations hereunder. The undersigned hereby represents that the undersigned has the power and authority to execute, deliver and perform this Letter Agreement, that the undersigned has received adequate consideration therefor and that the undersigned will indirectly benefit from the closing of the transactions contemplated by the Securities Purchase Agreement.

The undersigned understands that, if the Agreement does not become effective, or if the Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Common Stock to be sold thereunder, the undersigned shall be released from all obligations under this Letter Agreement.

This Letter Agreement may not be amended or otherwise modified in any respect without the written consent of each of the Company and the undersigned. This Letter Agreement shall be construed and enforced in accordance with the laws of the State of New York without regard to the principles of conflict of laws. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. The undersigned agrees and understands that this Letter Agreement does not intend to create any relationship between the undersigned and the Purchasers and that no issuance or sale of the Securities is created or intended by virtue of this Letter Agreement.

This Letter Agreement shall be binding on successors and assigns of the undersigned with respect to the Securities and any such successor or assign shall enter into a similar agreement for the benefit of the Purchasers.

***** SIGNATURE PAGE FOLLOWS*****

This Letter Agreement may be executed in two or more counterparts, all of which when taken together may be considered one and the same agreement.

Signature

Print Name

Position in Company

Address for Notice:

By signing below, the Company agrees to enforce the restrictions on transfer set forth in this Letter Agreement.

HCW Biologics Inc.

By:
Name: Hing C. Wong, Ph.D.
Title: Chief Executive Officer

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 September 30, 2026;

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

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

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

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

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

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

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

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

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

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

/s/ Hing C. Wong
Hing C. Wong
Founder and Chief Executive Officer
(Principal Executive Officer)

Date: November 16, 2026

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 September 30, 2026;

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

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

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

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

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

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

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

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

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

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

/s/ Rebecca Byam
Rebecca Byam
Chief Financial Officer
(Principal Financial Officer)

Date: November 16, 2026

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 September 30, 2026 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.

By: */s/ Hing C. Wong*
Hing C. Wong
Founder and Chief Executive Officer
(Principle Executive Officer)

Date: November 16, 2026

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 September 30, 2026 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.

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

Date: November 16, 2026