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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2025.

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: 001-41934

FibroBiologics, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**86-3329066**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
455 E. Medical Center Blvd, Suite 300 **Houston, TX 77598** (Address of principal executive offices)	**77598** (Zip Code)

(281) 671-5150
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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, $0.00001 par value	**FBLG**	**The Nasdaq Capital Market**

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 ☒

On July 30, 2025, 41,889,142 shares of FibroBiologics, Inc.'s Common Stock, $0.00001 par value per share, were outstanding.

FibroBiologics, Inc.

Quarterly Report on Form 10-Q
For the Quarter Ended June 30, 2025

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q, or Quarterly Report, and the documents incorporated by reference herein, if any, contain forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in 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, future revenue, timing and likelihood of success, plans and objectives of management for future operations, future results of anticipated products and prospects, planned research programs, preclinical studies and clinical trials, and market opportunities 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 "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," or "would" or the negative of these terms or other similar expressions, although not all forward-looking statements contain these words. Forward-looking statements contained in this Quarterly Report include, but are not limited to, statements about:

- the timing, progress and results of preclinical studies and clinical trials for our current and future product candidates, including statements regarding the timing of initiation and completion of studies or trials and related preparatory work, the period during which the results of the trials will become available and our research and development programs;
- the timing, scope or likelihood of regulatory submissions, filings, and approvals, including final regulatory approval of our product candidates;
- our ability to develop and advance product candidates into, and successfully complete, clinical trials;
- our expectations regarding the size of the patient populations for our product candidates, if approved for commercial use;
- the implementation of our business model and our strategic plans for our business, product candidates and technology;
- our commercialization, marketing and manufacturing capabilities and strategy;
- the pricing and reimbursement of our product candidates, if approved;
- the rate and degree of market acceptance and clinical utility of our product candidates, in particular, and cell therapy, in general;
- our ability to establish or maintain collaborations or strategic relationships or obtain additional funding;
- our competitive position;
- the scope of protection we and/or our licensors are able to establish and maintain for intellectual property rights covering our product candidates;
- developments and projections relating to our competitors and our industry;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- the period over which we estimate our existing cash and cash equivalents will be sufficient to fund our future operating expenses and capital expenditure requirements; and
- the impact of laws and regulations.

We have based these forward-looking statements largely on our current expectations and projections about our business, the industry in which we operate and financial trends that we believe may affect our business, financial condition, results of operations and prospects, and these forward-looking statements are not guarantees of future performance or development. These forward-looking statements speak only as of the date of this Quarterly Report and are subject to a number of risks, uncertainties and assumptions described in the section titled "*Risk Factors*" and elsewhere in this Quarterly Report and in our Annual Report on Form 10-K for the year ended December 31, 2024, or the Annual Report. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. 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. You should read this Quarterly Report, the documents that we reference in this Quarterly Report and the other documents that we file with the Securities and Exchange Commission, or the SEC, with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein until after we distribute this Quarterly Report, whether as a result of any new information, future events or otherwise.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and you are cautioned not to unduly rely upon these statements.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

FibroBiologics, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except shares and per share data)

	June 30, 2025	December 31, 2024
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 8,845	$ 13,985
Prepaid expenses	1,333	225
Other current assets	—	18
Total current assets	10,178	14,228
Property and equipment, net	967	824
Operating lease right-of-use asset, net	2,714	1,393
Other assets	48	—
Total assets	$ 13,907	$ 16,445
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable and accrued expenses	$ 1,801	$ 2,697
Operating lease liability, short-term	627	401
SEPA put option liability	470	460
Short-term convertible debt	8,066	9,168
Total current liabilities	10,964	12,726
Operating lease liability, long-term	2,083	984
Total liabilities	13,047	13,710
Stockholders' equity		
Preferred Stock, $0.00001 par value; 10,000,000 shares authorized as of June 30, 2025 and December 31, 2024	—	—
Preferred Stock, $0.00001 par value; 2,500 Series C Preferred shares authorized; 2,500 shares issued and outstanding as of June 30, 2025 and December 31, 2024	—	—
Voting Common Stock, $0.00001 par value; 300,000,000 shares and 100,000,000 shares authorized as of June 30, 2025 and December 31, 2024, respectively; 40,862,456 shares and 35,085,718 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	—	—
Additional paid-in capital	46,002	38,253
Accumulated deficit	(45,142)	(35,518)
Total stockholders' equity	860	2,735
Total liabilities and stockholders' equity	$ 13,907	$ 16,445

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

FibroBiologics, Inc.
Condensed Consolidated Statements of Operations
(unaudited, in thousands, except shares and per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Operating expenses:				
Research and development	$ 2,041	$ 975	$ 3,821	$ 1,935
General, administrative and other	2,449	2,249	5,200	4,739
Total operating expenses	4,490	3,224	9,021	6,674
Loss from operations	(4,490)	(3,224)	(9,021)	(6,674)
Other income/(expense):				
Change in fair value of warrant liability	—	5,527	—	2,422
Change in fair value of forward contract liability	—	(1,500)	—	(1,500)
Change in fair value of SEPA put option liability	73	—	(10)	—
Change in fair value of convertible debt	334	—	(117)	—
Commitment fee expenses	—	—	—	(1,941)
Other income/(expense)	(625)	30	(625)	30
Interest income	50	70	149	110
Interest expense	—	(5)	—	(9)
Net income/(loss)	(4,658)	898	(9,624)	(7,562)
Net income/(loss) attributable to common stockholders	$ (4,658)	$ 898	$ (9,624)	$ (7,562)
Net income/(loss) per share, basic and diluted	$ (0.12)	$ 0.03	$ (0.26)	$ (0.24)
Weighted-average shares outstanding, basic and diluted	38,635,264	32,719,125	37,665,612	31,926,444

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

FibroBiologics, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity/(Deficit)
For the Three and Six Months Ended June 30, 2025 and 2024
(unaudited, in thousands, except shares)

	Series A Preferred Stock		Series B Preferred Stock		Series B-1 Preferred Stock		Series C Preferred Stock		Non-voting Common Stock		Voting Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance – December 31, 2024	—	$ —	—	$ —	—	$ —	2,500	$ —	—	$ —	35,085,718	$ —	$ 38,253	$ (35,518)	$ 2,735
Issuance of Voting Common Stock for commitment fee payable	—	—	—	—	—	—	—	—	—	—	118,991	—	250	—	250
Conversion of Short-term convertible debt into Voting Common Stock	—	—	—	—	—	—	—	—	—	—	2,530,591	—	3,780	—	3,780
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	551	—	551
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,966)	(4,966)
Balance (Unaudited) – March 31, 2025	—	$ —	—	$ —	—	$ —	2,500	$ —	—	$ —	37,735,300	$ —	$ 42,834	$ (40,484)	$ 2,350
Issuance of Voting Common Stock for commitment fee payable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of Short-term convertible debt into Voting Common Stock	—	—	—	—	—	—	—	—	—	—	3,127,156	—	2,439	—	2,439
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	729	—	729
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,658)	(4,658)
Balance (Unaudited) – June 30, 2025	—	$ —	—	$ —	—	$ —	2,500	$ —	—	$ —	40,862,456	$ —	$ 46,002	$ (45,142)	$ 860

	Series A Preferred Stock		Series B Preferred Stock		Series B-1 Preferred Stock		Series C Preferred Stock		Non-voting Common Stock		Voting Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Equity/(Deficit)
Balance – December 31, 2023	8,750,000	$ —	4,171,445	$ —	89,781	$ —	—	$ —	28,230,842	$ 1	—	$ —	$ 25,609	$ (24,357)	$ 1,253
Issuance of Series C Preferred Stock	—	—	—	—	—	—	2,500	—	—	—	—	—	45	—	45
Conversion of Series B Preferred Stock, Series B-1 Preferred Stock and Non-voting common stock to Voting Common Stock	—	—	(4,171,445)	—	(89,781)	—	—	—	(28,230,842)	(1)	32,492,068	—	1	—	—
Cancellation of Series A Preferred Stock upon Direct Listing	(8,750,000)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sale of Voting Common Stock	—	—	—	—	—	—	—	—	—	—	227,057	—	2,819	—	2,819
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	480	—	480
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(8,460)	(8,460)
Balance (Unaudited) – March 31, 2024	—	$ —	—	$ —	—	$ —	2,500	$ —	—	$ —	32,719,125	$ —	$ 28,954	$ (32,817)	$ (3,863)
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	578	—	578
Net income	—	—	—	—	—	—	—	—	—	—	—	—	—	898	898
Balance (Unaudited) – June 30, 2024	—	$ —	—	$ —	—	$ —	2,500	$ —	—	$ —	32,719,125	$ —	$ 29,532	$ (31,919)	$ (2,387)

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

FibroBiologics, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited, in thousands)

	For the Six Months Ended June 30,	
	2025	**2024**
Cash flows from operating activities		
Net loss	$ (9,624)	$ (7,562)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of warrant liability	—	(2,422)
Change in fair value of forward contract liability	—	1,500
Change in fair value of SEPA put option liability	10	—
Change in fair value of convertible debt	117	—
Non-cash original discount on convertible debt	625	—
Stock-based compensation expense	1,280	1,103
Amortization of operating lease right-of-use asset	254	205
Depreciation expense	113	72
Changes in operating assets and liabilities:		
Prepaid expenses	(1,108)	(482)
Accounts payable and accrued expenses	(646)	(236)
Commitment fee payable	—	1,941
Other current assets	18	(2)
Other assets	(48)	—
Payable to Parent	—	(141)
Operating lease liability	(250)	(198)
Net cash used in operating activities	(9,259)	(6,222)
Cash flows from investing activities		
Purchases of property and equipment	(256)	(74)
Net cash used in investing activities	(256)	(74)
Cash flows from financing activities		
Proceeds from short-term convertible debt	4,375	574
Repayments of short-term borrowing	—	(287)
Proceeds from issuance of common stock, net of direct costs	—	2,819
Net cash provided by financing activities	4,375	3,106
Net increase/(decrease) in cash and cash equivalents	(5,140)	(3,190)
Cash and cash equivalents, beginning of period	13,985	9,163
Cash and cash equivalents, end of period	$ 8,845	$ 5,973
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ —	$ —
Cash paid for interest	$ 5	$ 4
Supplemental disclosure of non-cash investing and financing activities:		
Right of use asset obtained in exchange for operating lease liability	$ 1,575	$ —
Issuance of Voting Common Stock for commitment fee payable	$ 250	$ —
Conversion of Short-term convertible debt into shares of common stock	$ 6,219	$ —

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

FibroBiologics, Inc.
Notes to the Unaudited Condensed Consolidated Financial Statements
June 30, 2025

1. Organization, Description of Business, and Liquidity

Organization and Business

FibroBiologics, Inc. (the "Company" or "FibroBiologics") was originally formed as a limited liability company under the laws of the State of Texas on April 8, 2021 ("Inception") and then converted to a Delaware corporation on December 14, 2021. FibroBiologics is an early stage, cell therapy company headquartered in Houston, Texas, developing innovative treatments for chronic diseases using fibroblast cells. The Company's primary focus is the initiation and progression of preclinical studies and clinical-stage U.S. Food and Drug Administration trials related to fibroblast treatments for wound healing, multiple sclerosis, degenerative disc disease, psoriasis and certain cancers, and potential human longevity applications including thymic involution reversal. Prior to Inception, preclinical research and development related to these disease pathways took place under the parent company, SpinalCyte, LLC (the "Parent").

Direct Listing

On January 31, 2024, the Company completed a direct listing of its common stock, $0.00001 par value per share ("Common Stock") on Nasdaq (the "Direct Listing"). Upon completion of the Direct Listing, all outstanding shares of the Company's non-voting Common Stock, Series B Preferred Stock, and Series B-1 Preferred Stock automatically converted into shares of voting Common Stock on a one-for-one basis, and all outstanding shares of the Company's Series A Preferred Stock were canceled for no consideration.

Formation of Wholly Owned Subsidiary

On June 12, 2025, the Company formed a wholly-owned subsidiary, FibroBiologics Australia Pty Ltd. This entity will act as the local sponsor for the Company's twelve-week Phase 1/2 clinical trial utilizing CYWC628 for treatment of diabetic foot ulcers in Australia.

Going Concern and Management's Plan

The Company has incurred operating losses since Inception and expects such losses to continue in the future as it builds infrastructure, develops intellectual property, and conducts research and development activities. The Company has primarily relied on a combination of angel investors, private debt placements, convertible debt issuances, and sales of equity to fund its operations. As of June 30, 2025, the Company had an accumulated deficit of $45.1 million and cash and cash equivalents of $8.8 million. A transition to profitability will depend on the successful development, approval, and commercialization of product candidates and on the achievement of sufficient revenues to support the Company's cost structure. The Company currently does not generate revenues and may never achieve profitability. Unless and until such time that revenue and net income are generated, the Company will need to continue to raise additional capital. These factors raise substantial doubt about the Company's ability to continue as a going concern for one year from the issuance of the unaudited condensed consolidated financial statements. As further described in Note 7, the Company entered into a Standby Equity Purchase Agreement in December 2024 with a certain investor (the "SEPA") and received net proceeds of $13.1 million for the issuance of $15.0 million of short-term convertible notes principal. Pursuant to the SEPA, the Company may require the investor to purchase up to an additional $10.0 million of shares of Common Stock. While management has implemented plans to obtain additional funding, including through the SEPA, these plans are not sufficient to alleviate the substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital. The unaudited condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Segments

Operating segments are defined as components of an entity for which separate discrete financial information is made available and that is regularly evaluated by the chief operating decision maker ("CODM") in making decisions regarding resource allocation and assessing performance. The Company is a clinical-stage cell therapy company with a limited number of employees working on fibroblast-based targets. The Company's operations are organized and reported as a single reportable segment, which includes all activities related to the discovery, development, and commercialization of its products. The Company's CODM, its chief executive officer, reviews operating results on an aggregate basis and manages the operations as a single operating segment.

The accounting policies of the Company's single operating and reportable segment are the same as those described in the summary of significant accounting policies. The measure of segment assets is reported on the condensed consolidated balance sheets as total assets. The CODM evaluates performance and allocates resources based on net income (loss) that also is reported on the condensed consolidated statements of operations as net loss, and cash used in operations as reported on the condensed consolidated statements of cash flows. The significant expenses regularly reviewed by the CODM are consistent with those reported on the Company's condensed consolidated statements of operations, and expenses are not regularly provided to or reviewed on a more disaggregated basis for purposes of assessing segment performance and deciding how to allocate resources. Other segment items included in net loss primarily include changes in the fair value of the Company's financial instruments, commitment fees, placement agent costs and a gain on the termination of the Company's share purchase agreement.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). The accompanying unaudited condensed consolidated balance sheet as of June 30, 2025, unaudited condensed consolidated statements of operations for the three and six months ended June 30, 2025 and 2024, unaudited condensed consolidated statements of changes in stockholders' equity/(deficit) for the three and six months ended June 30, 2025 and 2024, and unaudited condensed consolidated statements of cash flows for the six months ended June 30, 2025 and 2024, are unaudited. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2024 as filed with the SEC on March 31, 2025, which contains the audited financial statements and notes thereto. The unaudited condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments (consisting of normal recurring adjustments) necessary to state fairly the Company's financial position as of June 30, 2025, the results of operations for the three and six months ended June 30, 2025 and 2024, the unaudited condensed consolidated statements of changes in stockholders' equity/(deficit) for the three and six months ended June 30, 2025 and 2024, and the unaudited condensed consolidated statements of cash flows for the six months ended June 30, 2025 and 2024. The December 31, 2024, condensed consolidated balance sheet included herein was derived from the audited financial statements, but it does not include all disclosures or notes required by GAAP for complete financial statements.

The financial data and other information disclosed in these notes to the unaudited condensed consolidated financial statements related to the three and six months ended June 30, 2025, are unaudited. Interim results are not necessarily indicative of results for an entire year or for any future period.

Principles of Consolidation

The accompanying unaudited consolidated condensed financial statements, which include the accounts of the Company and its wholly-owned subsidiary, FibroBiologics Australia Pty Ltd, have been prepared in accordance with US GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. All significant intercompany balances and transactions are eliminated in consolidation. As of June 30, 2025, FibroBiologics Australia Pty Ltd has yet to initiate operating activity.

Use of Estimates

The preparation of the unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of expenses during the reporting periods. These estimates are based on information available as of the date of the unaudited condensed consolidated financial statements; therefore, actual results could differ from those estimates and assumptions. The most significant estimates include the liability classified instrument, warrant liability, fair value of forward contract liability, SEPA put option liability, fair value of the short-term convertible debt, and stock-based compensation.

Fair Value Option of Accounting

The Company has elected the option under Accounting Standards Codification ("ASC") 825-10, *Financial Instruments* ("ASC 825"), to measure its short-term convertible debt issued pursuant to the SEPA (see Note 7) at fair value. The fair value option may be elected on an instrument-by-instrument basis and is irrevocable unless a new election date occurs. When the fair value option is elected for an instrument, unrealized gains and losses for such instrument are reported in the condensed statements of operations at each subsequent reporting date. Up-front costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred. These amounts are included in other income/(expense) in the condensed statements of operations.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company has significant cash balances at financial institutions, which, throughout the year, regularly exceed the federally insured limit of $250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations and cash flows.

Risks and Uncertainties

The Company is subject to certain risks and uncertainties, including, but not limited to, changes in any of the following areas that the Company believes could have a material adverse effect on the future financial position or results of operations: the timing of, and the Company's ability to advance its current and future product candidates into and through clinical development; costs and timelines associated with the manufacture of clinical supplies of the Company's product candidates; regulatory approval and market acceptance of its product candidates; performance of third-party contract research organizations ("CROs") and contract manufacturing organizations ("CMOs"); competition from pharmaceutical companies with greater financial resources or expertise; protection of the intellectual property, litigation or claims against the Company based on intellectual property, or other factors; the need to obtain additional funding; and its ability to attract and retain employees necessary to support its growth. Disruption from the operations of CROs, CMOs or suppliers would likely have a negative impact on the Company's business, financial position, and results of operations.

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted cash balances and short-term, liquid investments with an original maturity date of three months or less at the time of purchase. The Company had $8.8 million and $14.0 million cash equivalents as of June 30, 2025 and December 31, 2024, respectively.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets, generally three to five years, and includes laboratory equipment that is recorded at cost and depreciated using the straight-line method over the estimated useful lives of five years. Depreciation expense is classified in either research and development expense or in general and administrative expense, depending upon the nature of the asset, in the accompanying unaudited condensed statements of operations. When property and equipment assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the balance sheets and the resulting gain or loss is recorded in other income (loss) in the period realized. Maintenance and repairs are expensed as incurred.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or a significant adverse change that would indicate that the carrying amount of an asset or group of assets is not recoverable. For long-lived assets to be held and used, the Company will recognize an impairment loss only if the carrying amount is not recoverable through its undiscounted cash flows and measure any impairment loss based on the difference between the carrying amount and estimated fair value. There were no such losses for the three and six months ended June 30, 2025 and 2024.

Leases

The Company determines if an arrangement is a lease at inception. An arrangement is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If a lease is identified, classification is determined at lease commencement. Operating lease liabilities are recognized at the present value of the future lease payments at the lease commencement date. The Company's leases do not provide an implicit interest rate and therefore the Company estimates its incremental borrowing rate to discount lease payments. The incremental borrowing rate reflects the interest rate that the Company would have to pay to borrow on a collateralized basis an amount equal to the lease payments in a similar economic environment over a similar term. Operating lease right-of-use ("ROU") assets are based on the corresponding lease liability adjusted for any lease payments made at or before commencement, initial direct costs, and lease incentives. Renewals or early terminations are not accounted for unless the Company is reasonably certain to exercise these options. Operating lease expense is recognized and the ROU asset is amortized on a straight-line basis over the lease term.

Operating leases are included in operating lease right-of-use asset, operating lease liability, short-term, and operating lease liability, long-term on the Company's unaudited condensed consolidated balance sheets.

The Company has elected in accordance with ASC 842-20-25-2 an accounting policy to not record short-term leases, defined as those with terms of 12 months or less, on the unaudited condensed consolidated balance sheets. Rent expense recorded under leases, for financial statement purposes, is recognized on a straight-line basis over the lease term based on the most recent contractual terms available.

Fair Value Measurements

ASC 820, *Fair Value Measurement*, establishes a fair value hierarchy for instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's own assumptions (unobservable inputs). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the inputs that market participants would use in pricing the assets or liability and are developed based on the best information available in the circumstances. ASC 820 identifies fair value 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. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a three-tiered value hierarchy that distinguishes between the following:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs that are either directly or indirectly observable, such as quoted market prices, interest rates, and yield curves.

Level 3 - Unobservable inputs for the asset or liability (i.e., supported by little or no market activity). Level 3 inputs include management's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Derivatives

Derivative financial instruments are recorded at fair value on the unaudited condensed consolidated balance sheets. Liability classified derivatives are remeasured at their fair value at each reporting date, with decreases or increases in the fair value recognized as other gain or loss, respectively, within the unaudited condensed consolidated statements of operations. Equity classified derivatives are not remeasured at each reporting date. If a liability classified derivative becomes eligible for reclassification to an equity classified derivative, any gains or losses recognized up to the point of reclassification are not reversed.

Research and Development

Research and development costs are charged to expense as incurred. Research and development costs consist of costs incurred in performing research and development activities, including salaries and bonuses, scientist recruiting costs, employee benefits, facilities costs, laboratory supplies,

manufacturing expenses, preclinical expenses, research materials, and consulting and other contracted services. Costs for certain research and development activities are recognized based on the terms of the individual arrangements, which may differ from the pattern of costs incurred, and are reflected in the unaudited condensed consolidated financial statements as prepaid or accrued research and development.

Marketing and Advertising Costs

Marketing and advertising costs to promote the Company and its product candidates are expensed as incurred. Marketing and advertising expenses were $0.2 million and $0.4 million for the three and six months ended June 30, 2025, respectively.

Patent Costs

As the Company continues to incur costs to obtain market approval of patented technology, patent costs are expensed as incurred in general, administrative and other expense in the unaudited condensed consolidated statements of operations. Costs include fees to renew or extend the term of recognized intangible assets, patent defense costs, and patent application costs. Management will continue to expense such costs until market approval is obtained through regulatory approval by the appropriate governing body.

Income Taxes

The Company is a C corporation, and accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to an amount that is more likely than not to be realized.

Under the provisions of ASC 740-10, *Income Taxes*, the Company evaluates uncertain tax positions by reviewing against applicable tax law all positions taken by the Company with respect to tax years for which the statute of limitations is still open. ASC 740-10 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The Company recognizes interest and penalties related to the liability for unrecognized tax benefits, if any, as a component of the income tax expense line in the accompanying unaudited condensed consolidated statements of operations.

Stock-Based Compensation

The Company recognizes compensation costs related to stock options granted to employees and nonemployees based on the estimated fair value of the awards on the date of grant and recognizes expense on a straight-line basis over the requisite service period, which is generally the vesting period of the award. Forfeitures are recognized as they occur. The fair value of stock options is estimated on the date of grant using a Black-Scholes option pricing model which requires management to apply judgment and make estimates, including:

- *Fair Value of Common Stock*—The estimated fair value of Common Stock underlying stock-based awards has been determined by the board of directors as of each option grant date with input from management. Prior to completion of the Direct Listing in January 2024, the fair value of Common Stock was based upon most recently available third-party valuations of Common Stock and the board of directors' assessment of additional objective and subjective factors that it believed were relevant and which may have changed from the date of the most recent valuation through the date of the grant. These third-party valuations were performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation (the Practice Aid). After completion of the Direct Listing, a public trading market for Common Stock has been established so the fair value of Common Stock is based on the closing price as reported on The Nasdaq Stock Market on the date of grant.

- *Expected Term*—The expected term represents the period that a stock-based award is expected to be outstanding. The Company uses the simplified method to determine the expected term, which is based on the average of the time-to-vesting and the contractual life of the option.

- *Expected Volatility*— Due to the Company's limited operating history and lack of company-specific historical and implied volatility data, the expected volatility is estimated based on the average historical volatilities of common stock of comparable publicly traded entities over a period of time commensurate with the expected term of the stock option grants. The comparable companies are chosen based on their size, stage in the product development cycle, or area of specialty. The Company will continue to apply this process until sufficient historical information regarding the volatility of its own stock price becomes available.

- *Risk-Free Interest Rate*—The risk-free interest rate is based on the U.S. Treasury yield in effect at the time of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the expected term of the awards.

- *Expected Dividend*—The Company has never paid dividends on its Common Stock and has no plans to pay dividends on its Common Stock. Therefore, the Company used an expected dividend yield of zero.

Emerging Growth Company

The Company is an emerging growth company ("EGC"), as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"). Under the JOBS Act, an EGC can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised

accounting standards that have different effective dates for public and private companies; however, the Company may adopt new or revised accounting standards early if the standard allows for early adoption.

In addition, the Company will utilize other exemptions and reduced reporting requirements provided to EGCs by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, an EGC is not required to, among other things, (i) provide an auditor's attestation report on the Company's system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002, (ii) provide all of the compensation disclosure that may be required of non-EGC public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis), or (iv) disclose certain executive compensation-related items, such as the correlation between executive compensation and performance and comparisons of the chief executive officer's compensation to median employee compensation.

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes* (Topic 740) – *Improvements to Income Tax Disclosures* ("ASU 2023-09"), which is intended to improve the transparency of income tax disclosures by greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. The standard is effective for public companies for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact that the adoption of ASU 2023-09 may have on its condensed financial statements.

In November 2024, the FASB issued ASU No. 2024-03, – *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures* (Subtopic 220-40) – *Disaggregation of Income Statement Expenses* ("ASU 2024-03"), which is intended to require more detailed disclosures about specified categories of expenses (including employee compensation, depreciation, and amortization) included in certain expense captions presented on the face of the income statement. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to all prior periods presented in the financial statements. The Company is in the process of evaluating the impact of this new guidance on its condensed financial statements.

3. Net Income/(Loss) per Share Attributable to Common Stockholders

The following table summarizes the computation of basic and diluted net income/(loss) per share attributable to common stockholders of the Company:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except share and per share amounts)	2025	2024	2025	2024
Numerator:				
Net income/(loss)	$ (4,658)	$ 898	$ (9,624)	$ (7,562)
Net income/(loss) attributable to common stockholders:	$ (4,658)	$ 898	$ (9,624)	$ (7,562)
Denominator:				
Weighted-average number of common shares outstanding, basic and diluted	38,635,264	32,719,125	37,665,612	31,926,444
Net income/(loss) per common share attributable to common stockholders, basic and diluted	$ (0.12)	$ 0.03	$ (0.26)	$ (0.24)

The weighted average number of shares outstanding for the three and six months ended June 30, 2024 is based upon the shares of non-voting Common Stock issued on August 18, 2022, the conversion of all outstanding shares of non-voting Common Stock, Series B Preferred Stock and Series B-1 Preferred Stock into voting Common Stock upon completion of the Direct Listing on January 31, 2024, and the issuance of 227,057 shares of Common Stock to GEM Global in February and March 2024.

As further described in Note 7, during the six months ended June 30, 2025, the Company issued 118,991 shares of Common Stock to satisfy the $250,000 commitment fee payable, and $5.8 million of short-term convertible notes were converted into 5,657,747 shares of Common Stock. As of June 30, 2025, the estimated number of shares of Common Stock that would have been issued upon conversion of the remaining $9.2 million of principal was 14,366,223 shares of Common Stock. For the three and six months ended June 30, 2025 and 2024, the Company reported net losses and, accordingly, potential common shares were not included since such inclusion would have been anti-dilutive. As a result, the Company's basic and diluted net income/(loss) per share is the same in all periods presented.

4. Property and Equipment

Property and equipment, net consist of the following:

(in thousands)	June 30, 2025	December 31, 2024
Laboratory equipment	$ 1,195	$ 981
Computer equipment, software, and other	89	47
Total property and equipment at cost	1,284	1,028
Less: Accumulated depreciation	(317)	(204)
Property and equipment, net	$ 967	$ 824

The useful life of laboratory equipment is five years, and the useful life of computer equipment, software, and other is three years, for depreciation. Depreciation expense was $60,000 and $37,000 for the three months ended June 30, 2025 and 2024, respectively, and was $113,000 and $72,000 for the six months ended June 30, 2025 and 2024, respectively.

5. Fair Value of Financial Instruments

The following tables summarize the Company's financial assets and liabilities measured at fair value on a recurring basis based on the three-tier fair value hierarchy:

	Fair Value Measurement as of June 30, 2025			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Cash equivalents	$ 8,521	$ —	$ —	$ 8,521
Total assets fair value	$ 8,521	$ —	$ —	$ 8,521
Liabilities:				
SEPA put option liability	$ —	$ —	$ 470	$ 470
Short-term convertible debt	—	—	8,066	8,066
Total liabilities fair value	$ —	$ —	$ 8,536	$ 8,536

	Fair Value Measurement as of December 31, 2024			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Cash equivalents	$ 13,501	$ —	$ —	$ 13,501
Total assets fair value	$ 13,501	$ —	$ —	$ 13,501
Liabilities:				
SEPA put option liability	$ —	$ —	$ 460	$ 460
Short-term convertible debt	—	—	9,168	9,168
Total liabilities fair value	$ —	$ —	$ 9,628	$ 9,628

The following table summarizes the activity related to Level 3 financial liabilities for the six months ended June 30, 2025:

(in thousands)	**Short-term Convertible Debt**	**SEPA Put Option Liability**
Fair value at December 31, 2024	$ 9,168	$ 460
Change in fair value of SEPA put option liability	—	10
Addition of short-term convertible debt	5,000	—
Conversions of convertible debt into shares of common stock	(6,219)	—
Change in fair value of convertible debt	117	—
Fair value at June 30, 2025	$ 8,066	$ 470

The following table summarizes the activity related to Level 3 financial liabilities for the six months ended June 30, 2024:

(in thousands)	**Liability Instrument**	**Forward Contract Liability**	**Warrant Liability**
Fair value at December 31, 2023	$ 7,236	$ —	$ 0
Bifurcation of the liability instrument upon Direct Listing	(7,236)	—	7,236
Increase in forward contract liability for Draw Down Notice on June 27, 2024	—	1,500	—
Increase in Warrant liability at issuance January 31, 2024	—	—	13,727
Change in fair value of Warrant liability	—	—	(16,149)
Fair value at June 30, 2024	$ —	$ 1,500	$ 4,814

As further described in Note 7, the Company issued short-term convertible debt on December 20, 2024 and December 30, 2024 with a total principal balance of $10.0 million and recorded those notes at their initial fair values totaling $9.3 million. On June 16, 2025, the Company issued short-term convertible debt with a principal balance of $5.0 million and recorded those notes at their initial fair value of $4.5 million. The total of the fair values of these notes at June 30, 2025 and December 31, 2024 was $8.1 million and $9.2 million, respectively. The fair values of these notes were determined using a Monte Carlo simulation valuation model. Assumptions used in the valuation models at issuance on December 20, 2024 and December 30, 2024 included the closing bid price of $2.25 and $2.24, respectively, a term of one year, an annual risk-free rate of 4.2% and 4.1%, respectively, and a

volatility of 60%. Assumptions used in the valuation models at issuance on June 16, 2025 included the closing bid price of $0.80, a term of one year, an annual risk-free rate of 4.3%, and a volatility of 60%. Assumptions used in the valuation model at June 30, 2025 for all notes included the closing bid price of $0.62, a term of 0.47 year, an annual risk free rate of 4.3%, and a volatility of 60%, and at December 31, 2024 for the notes included the closing bid price of $2.00, a term of one year, an annual risk free rate of 4.1%, and a volatility of 60%.

As further described in Note 7, the Company entered into the SEPA on December 20, 2024 and recorded a put option liability for the Company's right to require the investor to purchase up to an additional $10.0 million of shares of Common Stock by delivering written notice to the investor. As of December 20, 2024 and December 31, 2024, the fair value of the SEPA put option liability was $0.5 million and $0.5 million, respectively. The fair value of this SEPA put option liability was determined using a Monte Carlo simulation valuation model. For the valuations on December 20, 2024 and December 31, 2024, inputs used in the model included a stock price of $2.25 per share, a 96% purchase price, Company advance notice date of January 1, 2026, expected settlement date of January 4, 2026, expected advance amount of $5,000 thousand, a simulation term of 1.04 years, volatility of 120%, and a 4.23% risk-free rate. As of June 16, 2025, the fair value of the SEPA put option liability was $0.5 million. The fair value of this SEPA put option liability was determined using a Monte Carlo simulation valuation model. For the valuation on June 30, 2025, inputs used in the model included a stock price of $0.62 per share, a 96% purchase price, Company advance notice date of January 1, 2026, expected settlement date of January 4, 2026, expected advance amount of $5.0 million, a simulation term of 0.51 years, volatility of 120%, and a 4.24% risk-free rate.

The carrying amounts of cash, prepaid expenses, other current assets, accounts payable and accrued expenses approximate their fair values due to their short-term maturities.

There were no transfers in or out of Level 1, Level 2 or Level 3 assets and liabilities for the six months ended June 30, 2025 and for the year ended December 31, 2024.

6. Stockholders' Equity/(Deficit)

Authorized Capital - As of June 30, 2025, the Company authorized 300,000,000 shares of Common Stock and 10,000,000 shares of preferred stock, of which 2,500 were shares of Series C preferred stock. As of December 31, 2024, the Company had authorized 100,000,000 shares of Common Stock and 10,000,000 shares of preferred stock, of which 2,500 were shares of Series C preferred stock.

In January 2024, the Company issued 2,500 shares of Series C Preferred Stock to its chief executive officer, who in turn granted a proxy to the Board of Directors to vote these shares as outlined in the amended and restated certification of incorporation.

On January 31, 2024, the Company completed its Direct Listing, which qualified as an IPO transaction pursuant to the Company's Amended and Restated Certificate of Incorporation. As a result of the Direct Listing, the outstanding shares of Series A Preferred Stock were canceled for no consideration and the outstanding shares of Series B Preferred Stock, Series B-1 Preferred Stock, and non-voting Common Stock were all converted 1:1 into shares of voting Common Stock. In addition, the Series C Preferred Stock voting rights increased from none to 13,000 votes per share and, if transferred, these shares will automatically convert 1:1 into Common Stock.

In August 2024, the Company amended and restated its certificate of incorporation with the State of Delaware to eliminate its non-voting Common Stock, Series A Preferred Stock, Series B Preferred Stock, and Series B-1 Preferred Stock, and to reduce to 10,000,000 shares its authorized preferred stock, par value $0.00001 per share, of which 2,500 shares are designated as Series C Preferred Stock.

In June 2025, the Company amended and restated its certificate of incorporation with the State of Delaware to increase its authorized Common Stock, par value $0.00001 per share, from 100,000,000 shares to 300,000,000 shares.

7. Standby Equity Purchase Agreement

On December 20, 2024, the Company entered into the SEPA. Pursuant to the SEPA, the investor will advance to the Company, subject to the satisfaction of certain conditions, a total principal amount of $15 million, which will be evidenced by short-term convertible notes, in three tranches. The short-term convertible notes will accrue interest on the outstanding principal balance at an annual rate equal to 0%, which will increase to an annual rate of 18% upon the occurrence of an event of default for so long as such event remains uncured. The short-term convertible notes will mature on December 20, 2025, which may be extended at the option of the Company to January 19, 2026 by paying an extension fee of $100,000, and to February 18, 2026 by paying an additional extension fee of $100,000. The maturity date may also be extended at the option of the investor.

The Company received net proceeds of $4.3 million on December 20, 2024 from the first tranche of short-term convertible notes with $5.0 million principal (the "First Note"). The Company received net proceeds of $4.4 million on December 30, 2024 from the second tranche of short-term convertible notes with $5.0 million principal (the "Second Note"). The Company received net proceeds of $4.4 million on June 16, 2025 from the third tranche of short-term convertible notes with $5.0 million principal (the "Third Note"). The Company has elected to account for the short-term convertible notes under the fair value option in accordance with ASC 825-10-15-4, and Note 5 includes further discussion of their fair values.

The First Note is convertible at a conversion price equal to the lower of (i) $2.41 per share or (ii) 94% of the lowest daily volume-weighted average price ("VWAP") during the five consecutive trading days immediately preceding the conversion date (but no lower than the "floor price" then in effect, subject to adjustment from time to time).

The Second Note is convertible at a conversion price equal to the lower of (i) $2.84 per share or (ii) 94% of the lowest daily VWAP during the five consecutive trading days immediately preceding the conversion date (but no lower than the "floor price" then in effect, subject to adjustment from time to time).

The Third Note is convertible at a conversion price equal to the lower of (i) $0.98 per share or (ii) 94% of the lowest daily VWAP during the five consecutive trading days immediately preceding the conversion date (but no lower than the "floor price" then in effect, subject to adjustment from time to time).

Below is a summary of conversions during the six months ended June 30, 2025.

Date	Tranche	Principal Amount	Shares Issued	Price Per Share
January 23, 2025	Second Note	$ 900,000	552,113	$ 1.6301
January 27, 2025	Second Note	$ 500,000	317,238	$ 1.5761
January 29, 2025	Second Note	$ 500,000	334,336	$ 1.4955
February 7, 2025	Second Note	$ 1,100,000	732,941	$ 1.5008
February 21, 2025	Second Note	$ 250,000	232,169	$ 1.0768
March 4, 2025	Second Note	$ 350,000	361,794	$ 0.9674
April 11, 2025	Second Note	$ 200,000	263,643	$ 0.7586
April 15, 2025	Second Note	$ 200,000	263,643	$ 0.7586
May 15, 2025	Second Note	$ 300,000	388,450	$ 0.7723
June 2, 2025	Second Note	$ 100,000	147,579	$ 0.6776
June 3, 2025	Second Note	$ 300,000	442,739	$ 0.6776
June 20, 2025	Second Note	$ 100,000	144,216	$ 0.6934
June 24, 2025	Second Note	$ 200,000	295,377	$ 0.6771
June 26, 2026	Third Note	$ 300,000	443,066	$ 0.6771
June 27, 2025	Third Note	$ 500,000	738,443	$ 0.6771

The Company recognized a net loss of $0.4 million during the six months ended June 30, 2025 on these conversions into shares of Common Stock.

Pursuant to the SEPA, and subject to certain conditions, the Company will have the right, from time to time, until December 20, 2026, to require the investor to purchase up to an additional $10.0 million of shares of Common Stock by delivering written notice to the investor.

The Company paid the investor a structuring fee of $25,000, which was expensed immediately, and agreed to pay the investor a commitment fee totaling $0.3 million (the "Commitment Fee"), which was expensed immediately and included in accrued liabilities at December 31, 2024. On January 7, 2025, the Company satisfied the Commitment Fee by issuing 118,991 shares of its Common Stock to the investor at a $2.1010 price per share.

The SEPA was accounted for as a liability under ASC 815 because it includes an embedded put option and an embedded forward option. The put option was recognized at inception and the forward option will be recognized upon the issuance of a notice for the sale of the Company's Common Stock. The fair value of the derivative liability related to the embedded put option was estimated at $0.5 million at inception of the agreement on December 20, 2024, and at December 31, 2024, and at $0.5 million at June 30, 2025. The SEPA put option liability is recognized as a current liability on the condensed balance sheets as of June 30, 2025 and December 31, 2024, respectively. The change in estimated issuance date fair value is presented as a single line item within other income (expense) in the accompanying condensed statements of operations under the caption, *Change in fair value of SEPA put option liability*. The embedded forward option was deemed to have no value at June 30, 2025 and December 31, 2024 because there were no notices for the sale of the Company's Common Stock as of June 30, 2025 and December 31, 2024.

8. Income Taxes

The Company did not record any tax provision or benefit for the six months ended June 30, 2025 and 2024. Management has evaluated the positive and negative evidence bearing upon the realizability of the Company's net deferred tax assets and has determined that it is more likely than not that the Company will not recognize the benefits of the net deferred tax assets. As a result, the Company has recorded a full valuation allowance at June 30, 2025 and December 31, 2024.

9. Leases, Commitments and Contingencies

In October 2022, the Company entered into a lease agreement for office space with a term of 62 months, which expires on November 30, 2027. This lease will be accounted for as an operating lease under the ASC 842 guidance for lease accounting. A right-of-use lease asset and lease liability of $2.3 million each were recorded at inception of the lease term using a discount rate of 7.5%.

In June 2023, the Company entered into a new lease for temporary lab and office space for its research operations. This lease had a term of 12 months and monthly rent of $6,000 and was accounted for as a short-term lease. This lease commenced in August 2023. In September 2023, the Company entered into an amendment of this lease for additional space, and the monthly rent increased to $7,000. In March 2024, the Company entered into a second amendment of this lease for additional space, and effective April 1, 2024, the monthly rent increased to $8,000. In July 2024, the Company signed an amendment of this lease, effective August 1, 2024, to extend the term for an additional 12 months, and the monthly rent decreased to $7,000. The Company terminated this lease effective April 30, 2025.

In March 2025, the Company executed a new lease for 10,693 square feet located in Houston, Texas, to be used in its research and development efforts. This lease commenced on April 1, 2025, terminates on May 31, 2031, and specifies initial base and additional rent totaling $32,000 per month. This lease will be accounted for as an operating lease under the ASC 842 guidance for lease accounting. A right-of-use lease asset and lease liability of $1.6 million each were recorded at inception of the lease term using a discount rate of 6.38%.

Rent expense for the six months ended June 30, 2025 and 2024, was $0.4 million and $0.3 million, respectively. As of June 30, 2025, noncancelable lease payments under operating leases were $3.1 million.

Maturities of operating lease liability as of June 30, 2025, were as follows:

(in thousands of dollars)	
2026	$ 790
2027	886
2028	576
2029	351
2030	359
Thereafter	153
Total lease payments	3,115
Less: Imputed interest	(405)
Total lease liability	2,710
Less: Current lease liability	(627)
Total non-current lease liability	$ 2,083

10. Stock-Based Compensation

The Company adopted on August 10, 2022, and the stockholders approved on August 18, 2022, the 2022 Stock Plan (the "Plan"). The Plan provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, and other stock awards.

As of June 30, 2025 and December 31, 2024, respectively, there were 6,568,836 and 7,934,836 shares available for future issuance under the Plan.

Stock-based compensation expense is recognized in the condensed consolidated statements of operations as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands of dollars)	**2025**	**2024**	**2025**	**2024**
Research and development	$ 116	$ 92	$ 200	$ 165
General and administrative	613	487	1,080	893
Total stock-based compensation expense	$ 729	$ 579	$ 1,280	$ 1,058

In addition to the $1,058 thousand stock-based compensation expense for stock options for the six months ended June 30, 2024, a $45 thousand stock-based compensation expense was recognized for the grant of 2,500 shares of Series C Preferred Stock to the CEO during the six months ended June 30, 2024.

Unrecognized stock-based compensation costs related to unvested awards and the weighted-average period over which the costs are expected to be recognized as of June 30, 2025, are as follows:

	Stock Options
Unrecognized stock-based compensation expense (in thousands)	$ 6,258
Expected weighted-average period compensation costs to be recognized (years)	2.6

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

	Stock Options	**Weighted-Average Exercise Price per Share**	**Weighted-Average Remaining Contractual Life (years)**	**Aggregate Intrinsic Value (in thousands)**
Outstanding as of December 31, 2024	4,565,164	$ 2.82	8.2	$ 7
Granted	1,391,000	$ 1.00	7.0	$ —
Exercised	—	$ —	—	$ —
Forfeited/canceled	(25,000)	$ 2.83	—	$ —
Outstanding as of June 30, 2025	5,931,164	$ 2.39	8.2	$ 7
Exercisable as of June 30, 2025	2,325,577	$ 2.63	7.0	$ 7

The fair value of stock options granted to employees, directors, and consultants was estimated on the date of grant using the Black-Scholes option pricing model using the following weighted-average assumptions:

Assumptions:	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Risk-free interest rate	4.13% - 4.25%	4.2% - 4.3%
Expected volatility	108% - 111%	97% - 101%
Expected term (years)	7.0	7.0
Expected dividend	0%	0%

The weighted-average grant date fair value of the options granted during the six months ended June 30, 2025 and 2024 was $0.87 per share and $10.63 per share, respectively.

11. Related Party Transactions

During the three months ended June 30, 2025, the Company paid an aggregate of $62,400 to a member of its Board of Directors pursuant to a consulting agreement effective May 15, 2025. Under the terms of the agreement, the director provides strategic advisory services to the Company, including support for finance and capital raising activities.

12. Subsequent Events

On July 15, 2025, the investor converted $300,000 in principal amount of the Notes and the Company issued to the investor 533,428 shares of Common Stock at a $0.5624 conversion price per share.

On July 28, 2025, the investor converted $300,000 in principal amount of the Notes and the Company issued to the investor 493,258 shares of Common Stock at a $0.6471 conversion price per share.

The One Big Beautiful Bill Act (“OBBBA”) was enacted on July 4, 2025. The Company is in the process of assessing the impact of this legislation on its financial statements. The current expectation is that OBBBA will not have a material impact on the Company’s estimated annual effective tax or deferred taxes.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited financial statements and related notes and other financial information appearing elsewhere in this Quarterly Report and with our audited financial statements and related notes and other financial information appearing in our Annual Report. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this Quarterly Report and in the Annual Report, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a clinical-stage biotechnology company focused on developing and commercializing fibroblast-based therapies for patients suffering from chronic diseases with significant unmet medical needs, including wound healing, multiple sclerosis, degenerative disc disease, psoriasis and certain cancers, and potential human longevity applications including thymic involution reversal. Our most advanced product candidates are CYWC628, CYMS101 and CybroCell™.

We are in the late pre-clinical stages of developing CYWC628 as a topically administered allogeneic fibroblast cell-based therapy for wound healing. Our pre-clinical studies focused on utilizing single cell fibroblasts, fibroblast spheroids, and fibroblast-derived materials to treat wounds in diabetic mice. We completed pre-clinical studies investigating (i) multiple administrations of CYWC628 spheroids on a chemically induced chronic wound NONcNZO10/LtJ and BKS.Cg-Dock7m +/+ LepRdb/J mouse model, (ii) dose titration to provide information on the proposed dose range of CYWC628, and (iii) acute and chronic toxicity. The results of our studies have shown statistically significant acceleration in the rate of wound closure in comparison with both a marketed wound care product and control, and improved quality of healed wounds.

We are developing CYMS101 as an intravenously administered allogeneic fibroblast single cell, and fibroblast spheroid cell-based therapy to treat MS. After completing animal studies using CYMS101, we received approval from a U.S.-based IRB to conduct clinical investigations in Mexico using the fibroblast cell composition for patients with MS, and completed a Phase 1 study. The study was conducted in five participants. The primary objective of the study was to assess safety, and the secondary objective was to assess efficacy. The primary objective was achieved as we saw no adverse events related to the treatment - no adverse events during intravenous injection of the tolerogenic fibroblasts, no short or long-impact in complete blood count tests during the 16-week monitoring period, and no short or long impact in electrocardiogram results during the 16-week monitoring period. In addition, the study assessed clinical activity using a standard set of neurological assessments routinely used to assess MS. We are currently conducting further research to more fully characterize the mode of action of fibroblasts in oligodendrocyte expansion. We plan to file an IND application for a Phase 1/2 clinical trial relating to MS in the United States as funding allows. We expect to seek a strategic partner to collaborate with us on the development of CYMS101 either before initiating the Phase 1/2 study, or after its completion, if successful, and prior to commencing a potential Phase 3 clinical trial.

CybroCell™ is an investigational intradiscal administered allogeneic fibroblast cell-based therapy in development for degenerative disc disease and is being designed as an alternative method for repairing the cartilage of the intervertebral disc (or any other articular cartilage). We have completed two animal studies in rabbit models. The results from the studies were positive and supported our IND application to run a "first in human" trial. We received IND clearance from the FDA in 2018, conditional upon approval of our master cell bank, to evaluate this candidate in a planned clinical trial.

CYPS317 is our allogeneic intravenously administered fibroblast spheroid cell-based investigational therapeutic for the treatment of psoriasis. We have completed an early phase pre-clinical project utilizing a psoriasis mouse model to assess the potential use of intravenous administration of fibroblast spheroids for the treatment of psoriasis. We are in the process of continuing our potentially IND-enabling animal model studies, which include carrying out a dosage titration animal model study to determine optimal efficacious dose range, in addition to determining the durability of treatment for mild to moderate, and moderate to severe psoriasis, with a projected completion timeline of the fourth quarter of 2025.

We also have human longevity, certain cancer, and artificial pancreatic organoid research programs in the very early stages of research and development, and we plan to accelerate such programs as funding allows.

The manufacturing of our master cell bank and working cell bank for CYWC628 is now complete and both are certified as released by our CDMO. This CDMO will also manufacture CYWC628 for use in our twelve-week Phase 1/2 clinical trial for treatment of diabetic foot ulcers that we plan to conduct in Australia. If any of our product candidates receive marketing approval, we expect to evaluate the feasibility of building our own cGMP manufacturing facility or continuing to outsource manufacturing to a CDMO for clinical testing and commercial supply. We expect to rely on third parties for our cell therapy manufacturing process for the foreseeable future.

Since our spinoff from SpinalCyte, LLC, or FibroGenesis, in April 2021, our operations have included business planning, hiring personnel, raising capital, building our intellectual property portfolio, and performing research and development on our product candidates and our fibroblast technology, leveraging the clinical benefits of fibroblasts as the basis of our cell therapy platform.

We have incurred net losses since inception and expect to incur losses in the future as we continue our research and development activities. To date, we have funded our operations primarily through investment from FibroGenesis, the sale of $15.0 million of our convertible promissory notes, which were all subsequently converted to equity, the sale of $18.6 million of preferred stock, $10.4 million in proceeds from the sale of common stock, $0.00001 par value per shares, or the Common Stock, through the share purchase agreement, dated November 12, 2021, or the GEM SPA, with GEM Global Yield LLC SCS, or GEM Global, and GEM Yield Bahamas Limited, or GYBL, and together with GEM Global, GEM, and $13.1 million in proceeds from the issuance of additional convertible promissory notes.

As of June 30, 2025, we had cash and cash equivalents of $8.8 million. Since our inception, we have incurred significant operating losses. We incurred net losses of $9.6 million and $7.6 million for the six months ended June 30, 2025 and 2024, respectively. As of June 30, 2025, we had an accumulated deficit of $45.1 million.

We expect to continue to incur significant losses for the foreseeable future, and we expect these losses to increase substantially if and as we:

- advance the development of our product candidates through clinical development, and, if approved by the FDA, commercialization;
- advance our preclinical development programs into clinical development;
- incur manufacturing costs for cell production to supply our product candidates;
- seek regulatory approvals for any of our product candidates that successfully complete clinical trials;
- increase our research and development activities to identify and develop new product candidates;
- hire additional personnel;
- expand our operational, financial and management systems;
- meet the requirements and demands of being a public company;
- invest in further development to protect and expand our intellectual property;
- establish a sales, marketing, medical affairs, and distribution infrastructure to commercialize any product candidates for which we may obtain marketing approval and intend to commercialize; and
- expand our manufacturing and develop our commercialization efforts.

Due to the numerous risks and uncertainties associated with biopharmaceutical product development and the economic and developmental uncertainty, we may be unable to accurately predict the timing or magnitude of all expenses. Our ability to ultimately generate revenue to achieve profitability will depend heavily on the development, approval, and subsequent commercialization of our product candidates. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations. As a result, we will need substantial additional funding to support our long-term continuing operations and pursue our growth strategy. Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through the sale of equity, debt financings or other capital sources, which may include collaborations with other companies or other strategic transactions. We may not be able to raise additional funds or enter into such other agreements or arrangements when needed on favorable terms, or at all. If we fail to raise capital or enter into such agreements as and when needed, we will have to significantly delay, reduce, or eliminate the development and commercialization of one or more of our product candidates or delay our pursuit of potential in-licenses or acquisitions.

General Trends and Outlook

Recent Developments

CYWC628

Based upon our progress to date, we expect to initiate our twelve-week Phase 1/2 clinical trial utilizing CYWC628 for treatment of diabetic foot ulcers in Australia in the first quarter of 2026 and we expect to complete the clinical trial in the third quarter of 2026. These timelines have been extended as we work to resolve process issues with the manufacturing training run and increase the number of test manufacturing runs needed to confirm no sterility issues before we begin the manufacture of CYWC628 for the clinical trial. Please see "Risk Factors – Risks Related to Manufacturing" in our Annual Report and "Item 1A. Risk Factors – Risks Related to Manufacturing" in this Quarterly Report.

CybroCell™

We carried out experiments that demonstrate the ability to use the CYWC628 master cell bank for the manufacturing of the CybroCell™ drug product. We are working to amend the IND clearance with the FDA for the planned Phase I clinical trial. A timeline for the trial will be determined in connection with discussions with the FDA.

Components of Results of Operations

Revenue

To date, we have not generated any revenue from product sales and do not expect to generate any revenue from the sale of products in the foreseeable future. If our development efforts for any of our product candidates are successful and result in regulatory approval, we may generate revenue in the future from product sales. We cannot predict if, when or to what extent we will generate revenue from the commercialization and sale of any of our product candidates. We may never succeed in obtaining regulatory approval for any of our product candidates and, even if we do, we may never generate revenue that is significant enough for us to achieve profitability.

Research and Development Expenses

Our research and development expenses consist of expenses incurred in connection with the development of our product candidates and include:

- employee-related expenses, which include salaries, benefits, travel and stock-based compensation for our research and development personnel;
- laboratory equipment and supplies;
- direct third-party costs such as expenses incurred under agreements with CROs and CDMOs;
- consultants that conduct research and development activities on our behalf, including preparing and amending regulatory filings related to our product candidates;
- costs associated with conducting preclinical studies and clinical trials;
- costs associated with technology; and
- facilities and other allocated expenses, which include expenses for rent and other facility related costs and other supplies.

We expense research and development costs as incurred. Nonrefundable advance payments that we make for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. The prepaid amounts are expensed as the related goods are delivered or the services are performed.

We expect our research and development expenses to increase substantially for the foreseeable future as we continue to invest in research and development activities related to developing our product candidates as they advance into later stages of clinical development and our other product candidates in preclinical development as they advance into clinical development. The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming, and the successful development of our product candidates is highly uncertain. As a result, we are unable to determine the duration and completion costs of our research and development projects or when and to what extent we will generate revenue from the commercialization and sale of any of our product candidates. This is due to the numerous risks and uncertainties associated with developing product candidates, including uncertainty related to:

- the duration, costs, and timing of clinical trials of our current development programs and any further clinical trials related to new product candidates;
- the sufficiency of our financial and other resources to complete the necessary preclinical studies and clinical trials;
- the costs of preparing and amending regulatory filings related to our product candidates;
- the acceptance of IND applications for future clinical trials;
- the successful and timely enrollment and completion of clinical trials;
- the successful completion of preclinical studies and clinical trials;
- successful data from our clinical program that supports an acceptable risk-benefit profile of our product candidates in the intended populations;
- the receipt and maintenance of regulatory and marketing approvals from applicable regulatory authorities;
- establishing agreements with third-party manufacturers for clinical supply for our clinical trials and commercial manufacturing, if any of our product candidates are approved;
- the entry into collaborations to further the development of our product candidates;
- the cost of hiring additional personnel;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our product candidates; and
- successfully launching our product candidates and achieving commercial sales, if and when approved.

A change in the outcome of any of these variables with respect to the development of any of our programs or any product candidate we develop would significantly change the costs, timing and viability associated with the development and/or regulatory approval of such programs or product candidates.

General, Administrative and Other Expenses

Our general, administrative, and other expenses consist primarily of personnel costs, allocated facilities costs, and other expenses for outside professional services, including legal, marketing, investor relations, human resources services, and accounting services. Personnel costs consist of salaries, benefits, and stock-based compensation for our general and administrative personnel. We expect to continue incurring additional expenses as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the SEC and Nasdaq, insurance,

investor relations activities and other administrative and professional services. We also expect to increase the size of our administrative function to support the growth of our business.

Interest Expense

Our interest expense consists primarily of interest on short-term borrowing to finance D&O insurance premiums, and amortization of discount on our convertible notes.

Statements of Operations

Results of Operations

Comparison of Three Months Ended June 30, 2025 and 2024

The following tables set forth our results of operations for the three months ended June 30, 2025 and 2024.

	Three Months Ended June 30,		Change Amount
	2025	2024	
	(unaudited, in thousands)		
Operating expenses:			
Research and development	$ 2,041	$ 975	$ 1,066
General, administrative and other	2,449	2,249	200
Total operating expenses	4,490	3,224	1,266
Loss from operations	(4,490)	(3,224)	(1,266)
Other income/(expense)			
Change in fair value of warrant liability	—	5,527	(5,527)
Change in fair value of forward contract liability	—	(1,500)	1,500
Change in fair value of SEPA put option liability	73	—	73
Change in fair value of convertible debt	334	—	334
Other income/(expense)	(625)	30	(655)
Interest income	50	70	(20)
Interest expense	—	(5)	5
Net loss	$ (4,658)	$ 898	$ (5,556)

Research and Development Expenses

Research and development expenses were $2.0 million and $1.0 million for the three months ended June 30, 2025 and 2024, respectively. The increase of $1.1 million was primarily due to:

- increased CRO costs of $0.9 million to prepare for a clinical trial; and
- increased personnel related expenses of $0.2 million due to hiring additional research scientists.

Research and development expenses are not tracked by product candidate.

General, Administrative and Other Expenses

General, administrative and other expenses were $2.4 million and $2.2 million for the three months ended June 30, 2025 and 2024, respectively. The increase of $0.2 million was primarily due to:

- increased expenses of $0.2 million for added personnel in 2025, which includes stock-based compensation expense;
- increased professional fees of legal, accounting and marketing of $0.1 million; and
- decreased insurance expense of $0.1 million.

Change in fair value of warrant liability

Change in fair value of warrant liability was $0 and a gain of $5.5 million for the three months ended June 30, 2025 and 2024, respectively. The liability instrument to investors under the GEM SPA was comprised of the contingent warrant liability and contingent put option.

Change in fair value of forward contract liability

Change in fair value of forward contract liability was $0 and $1.5 million for the three months ended June 30, 2025 and 2024, respectively. We issued a Draw Down Notice to GEM under the Share Purchase Agreement on June 27, 2024, which created the forward contract liability to sell shares to the investor at 90% of the average daily closing price per share over the Draw Down Pricing Period. The $1.5 million loss during the three months ended

June 30, 2024 is based upon the estimated fair value of the forward contract liability for the Draw Down Notice issued, as remeasured at June 30, 2024, and was marked to market upon receipt of the Closing Notice from the investor.

Change in fair value of SEPA put option liability

On December 20, 2024, we entered into a Standby Equity Purchase Agreement (the "SEPA") with a certain investor. Pursuant to the SEPA, and subject to certain conditions, we have the right, from time to time, until December 20, 2026, to require the investor to purchase up to $10.0 million of shares of Common Stock by delivering written notice to the investor. The SEPA was accounted for as a liability under ASC 815 because it includes an embedded put option and an embedded forward option. The SEPA put option liability was recognized at inception, and its fair value was estimated at $0.5 million and $0.5 million at June 30, 2025 and December 31, 2024, respectively. The change in fair value of the SEPA put option liability was a gain of $0.1 million during the three months ended June 30, 2025 and resulted primarily from changes in stock price and other assumptions used in the valuation model.

Change in fair value of convertible debt

We received advances in the form of convertible notes pursuant to the SEPA in December 2024 and June 2025 and elected to account for the short-term convertible notes under the fair value option. Under the fair value option, all costs associated with raising the funds were expensed immediately. The convertible notes were adjusted to their fair values at June 30, 2025 with a $0.3 million gain resulting from the increase in fair value.

Gain/(loss) on issuance of common stock in exchange for convertible debt, net

The investor converted $2.2 million of convertible debt into shares of Common Stock during the three months ended June 30, 2025. We recognized an approximate $0.2 million net loss on these conversions, which results from the difference between the quoted market price per share used to record the issuance of Common Stock and the conversion price per share.

Other income/(expense)

Other expense for the three months ended June 30, 2025 consists of $0.6 million of non-cash original discount on convertible debt and $30,000 in interest income for the three months ended June 30, 2024.

Interest income

Interest income was $0.1 million and $0.1 million for the three months ended June 30, 2025 and 2024, respectively. Interest income is comprised of interest income and unrealized gain/losses on cash equivalents.

Interest expense

Interest expense was $0 and $5,000 for the three months ended June 30, 2025 and 2024, respectively.

Income taxes

The effective income tax rate was 0.0% for all periods. Currently, we have recorded a full valuation allowance against our net deferred tax assets.

Comparison of Six Months Ended June 30, 2025 and 2024

The following tables set forth our results of operations for the six months ended June 30, 2025 and 2024.

	Six Months Ended June 30,		Change Amount
	2025	2024	
	(unaudited, in thousands)		
Operating expenses:			
Research and development	$ 3,821	$ 1,935	$ 1,886
General, administrative and other	5,200	4,739	461
Total operating expenses	9,021	6,674	2,347
Loss from operations	(9,021)	(6,674)	(2,347)
Other income/(expense)			
Change in fair value of warrant liability	—	2,422	(2,422)
Change in fair value of forward contract liability	—	(1,500)	1,500
Change in fair value of SEPA put option liability	(10)	—	(10)
Change in fair value of convertible debt	(117)	—	(117)
Commitment fee expense	—	(1,941)	1,941
Other income/(expense)	(625)	30	(655)
Interest income	149	110	39
Interest expense	—	(9)	9
Net loss	$ (9,624)	$ (7,562)	$ (2,062)

Research and Development Expenses

Research and development expenses were $3.8 million and $1.9 million for the six months ended June 30, 2025 and 2024, respectively. The increase of $1.9 million was primarily due to:

- increased chemistry, manufacturing and control costs of $0.2 million for cell manufacturing activities;
- increased CRO costs of $0.9 million to prepare for a clinical trial;
- increased personnel related expenses of $0.3 million due to hiring additional research scientists; and
- increased research materials and supplies expenses of $0.5 million due to increased laboratory personnel and preclinical studies.

Research and development expenses are not tracked by product candidate.

General, Administrative and Other Expenses

General, administrative and other expenses were $5.2 million and $4.7 million for the six months ended June 30, 2025 and 2024, respectively. The increase of $0.5 million was primarily due to:

- increased expenses of $0.5 million for added personnel in 2025, which includes stock-based compensation expense;
- increased professional fees of $0.3 million for accounting, legal and marketing expenses;
- increased travel expenses of $0.1 million; and
- decreased Direct Listing related expenses of $0.4 million

Change in fair value of warrant liability

Change in fair value of warrant liability was $0 and $2.4 million for the six months ended June 30, 2025 and 2024, respectively. The liability instrument to investors under the GEM SPA was comprised of the contingent warrant liability and contingent put option.

Change in fair value of forward contract liability

Change in fair value of forward contract liability was $0 and $1.5 million for the six months ended June 30, 2025 and 2024, respectively. We issued a Draw Down Notice to GEM under the Share Purchase Agreement on June 27, 2024, which created the forward contract liability to sell shares to the investor at 90% of the average daily closing price per share over the Draw Down Pricing Period. The $1.5 million loss during the three months ended June 30, 2024 is based upon the estimated fair value of the forward contract liability for the Draw Down Notice issued, as remeasured at June 30, 2024, and was marked to market upon receipt of the Closing Notice from the investor.

Change in fair value of SEPA put option liability

The change in fair value of the SEPA put option liability was a loss of $0.0 million during the six months ended June 30, 2025 and resulted primarily from changes in stock price and other assumptions used in the valuation model.

Change in fair value of convertible debt

We received advances in the form of convertible notes pursuant to the SEPA in December 2024 and June 2025 and elected to account for the short-term convertible notes under the fair value option. Under the fair value option, all costs associated with raising the funds were expensed immediately. The convertible notes were adjusted to their fair values at June 30, 2025 with a $0.1 million loss resulting from the decrease in fair value.

Gain/(loss) on issuance of common stock in exchange for convertible debt, net

The investor converted $5.8 million of convertible debt into shares of Common Stock during the six months ended June 30, 2025. We recognized an approximate $0.4 million net loss on these conversions, which results from the difference between the quoted market price per share used to record the issuance of Common Stock and the conversion price per share.

Other income/(expense)

Other expense for the six months ended June 30, 2025 consists of $0.6 million of non-cash original discount on convertible debt and $30,000 in interest income for the six months ended June 30, 2024.

Commitment fee expense

Commitment fee expense was $0 and $1.9 million for the six months ended June 30, 2025 and 2024, respectively. A $2.0 million commitment fee pursuant to the GEM SPA became payable to GEM upon completion of the Direct Listing in January 2024. The commitment fee was payable to GEM as drawdown notices are issued, with any remaining balance payable one year after public listing. We sold $3.0 million of Common Stock to GEM under the GEM SPA during the six months ended June 30, 2024, which made $0.1 million of the commitment fee payable immediately. This $0.1

million portion of the commitment fee was netted against the proceeds received in additional paid-in capital. The remaining $1.9 million was expensed immediately because we were planning to raise funds through other sources and had no plans to issue further Draw Down Notices to GEM prior to the one-year anniversary of our public listing when this remaining amount would have been due.

Interest income

Interest income was $0.1 million for both the six months ended June 30, 2025 and 2024. Interest income is comprised of interest income and unrealized gain/losses on cash equivalents.

Interest expense

Interest expense was $0 and $9,000 for the six months ended June 30, 2025 and 2024, respectively.

Income taxes

The effective income tax rate was 0.0% for all periods. Currently, we have recorded a full valuation allowance against our net deferred tax assets.

Liquidity and Capital Resources

Overview

Through June 30, 2025, we have financed our operations primarily with investment from FibroGenesis, proceeds from borrowings under our convertible loan agreements, proceeds from the issuance of preferred stock, and proceeds from the sale of Common Stock through the GEM SPA and the SEPA. From inception through June 30, 2025, we have received aggregate proceeds of $15.0 million from sales of our convertible notes, $18.6 million from the sales of preferred stock, $10.4 million from the issuance of Common Stock and $13.1 million from the issuance of additional convertible promissory notes under the SEPA. As of June 30, 2025, we had cash and cash equivalents of $8.8 million and an accumulated deficit of $45.1 million. As of June 30, 2025, we had $9.2 million principal balance of outstanding debt with a fair value of $8.1 million.

Cash Flows

The following table sets forth a summary of our cash flows for the six months ended June 30, 2025 and 2024.

	Six Months Ended June 30,	
	2025	2024
	(in thousands)	
Net cash used in operating activities	$ (9,259)	$ (6,222)
Net cash used in investing activities	(256)	(74)
Net cash provided by financing activities	4,375	3,106
Net decrease in cash and cash equivalents	$ (5,140)	$ (3,190)

Cash Flows from Operating Activities

Net cash used in operating activities was $9.3 million and $6.2 million for the six months ended June 30, 2025 and 2024, respectively, and consisted primarily of net losses of $9.6 million and $7.6 million, respectively. Noncash expenses consisting of change in fair value of convertible debt of $0.1 million, net loss on issuance of Common Stock in exchange for convertible debt of $0.2 million, stock-based compensation expense of $1.3 million, and amortization of operating lease right-of-use asset of $0.3 million partially offset the net loss, while a decrease in prepaid expenses of $1.1 million, a decrease in accounts payable and accrued expenses of $0.6 million, and a decrease in operating lease liability of $0.3 million added to the cash used in operations in the six months ended June 30, 2025. Noncash losses on change in fair value of forward contract liability of $1.5 million, stock-based compensation expense of $1.1 million, amortization of operating lease right-of-use asset of $0.2 million, and depreciation expense of $0.1 million and change in commitment fee payable of $1.5 million partially offset the net loss, while noncash gain on change in fair value of liability instrument of $2.4 million, an increase in prepaid expenses of $0.5 million, a decrease in accounts payable and accrued expenses of $0.2 million, a decrease in payable to Parent of $0.1 million, and a decrease in operating lease liability of $0.2 million added to the cash used in operations in the six months ended June 30, 2024.

Cash Flows from Investing Activities

Net cash used in investing activities was $0.3 million and $0.1 million for the six months ended June 30, 2025 and 2024, respectively, and consisted primarily of laboratory equipment purchases.

Cash Flows from Financing Activities

Net cash provided by financing activities was $4.4 million and $3.1 million for the six months ended June 30, 2025 and 2024, respectively. During the six months ended June 30, 2024, we entered into a $0.6 million short-term borrowing agreement to finance the D&O insurance policy premiums and repaid $0.3 million of the principal borrowed, and we raised $2.8 million of net proceeds from the sale of common stock under the GEM SPA.

Funding Requirements

We have incurred operating losses since our formation and expect such losses to continue in the future as we build infrastructure, develop intellectual property and conduct research and development activities. Moreover, we have incurred, and expect to continue to incur, additional costs associated with operating as a public company. We do not have any products approved for sale, and we have never generated any revenue from product sales. We have primarily relied on a combination of angel investors, private debt placements, convertible debt issuances, and sales of equity to fund our operations. As of June 30, 2025, we had an accumulated deficit of $45.1 million and cash and cash equivalents of $8.8 million. We do not expect to generate any meaningful revenue unless and until we obtain regulatory approval of and commercialize any of our current or future product candidates and we do not know when, or if, that will occur. Unless and until such time that revenue and net income are generated, we will need to continue to raise additional capital. These factors raise substantial doubt about our ability to continue as a going concern for one year from the issuance of the financial statements included in this Quarterly Report. The financial statements have been prepared as though we will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business, and do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Our ability to continue as a going concern is dependent on our ability to raise additional capital. We believe we will be able to obtain additional capital through equity financings or other arrangements to fund operations; however, there can be no assurance that such additional financing, if available, can be obtained on acceptable terms. If we are unable to obtain adequate financing when needed, we may have to delay, reduce the scope of, or suspend one or more of our preclinical studies, clinical trials, research and development programs or commercialization efforts. We may seek to raise any necessary additional capital through a combination of public or private equity offerings, debt financings, collaborations, and other licensing arrangements. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends. If we raise additional capital through marketing and distribution arrangements or other collaborations, strategic alliances, or licensing arrangements with third parties, we may have to relinquish certain valuable rights to our product candidates, technologies, future revenue streams or research programs or grant licenses on terms that may not be favorable to us.

Our future funding requirements will depend on many factors, including, but not limited to:

- the initiation, progress, timeline, cost, and results of our clinical trials for our product candidates;
- the initiation, progress, timeline, cost and results of additional research and preclinical studies related to pipeline development and other research programs we initiate in the future;
- the cost and timing of manufacturing activities, including our planned manufacturing scale-up activities associated with our product candidates and other programs as we advance them through preclinical and clinical development through commercialization;
- the potential expansion of our current development programs to seek new indications;
- the outcome, timing and cost of meeting regulatory requirements established by the FDA and other comparable foreign regulatory authorities;
- the cost of filing, prosecuting, defending, and enforcing patent claims and other intellectual property rights;
- the effect of competing technological and market developments;
- the payment of licensing fees, potential royalty payments and potential milestone payments;
- the cost of general operating expenses;
- the cost of establishing sales, marketing, and distribution capabilities for any product candidates for which we may receive regulatory approval in regions where we choose to commercialize our products on our own; and
- the costs of operating as a public company.

We are subject to all the risks typically related to the development of new product candidates, and we may encounter unforeseen expenses, difficulties, complications, delays, and other unknown factors that may adversely affect our business. 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.

Contractual Obligations and Commitments

We have material cash requirements and other contractual obligations related to our office and lab rent (as described in Note 9, “Leases, Commitments and Contingencies” to the financial statements in this Quarterly Report).

Critical Accounting Estimates

Our management’s discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the dates of the balance sheets and the reported amounts of expenses during the reporting periods. In accordance with GAAP, we evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the

basis for making judgments 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 define our critical accounting estimates as those under GAAP that require us to make subjective estimates and judgments about matters that are uncertain and are likely to have a material impact on our financial condition and results of operations, as well as the specific manner in which we apply those principles. For a description of our critical accounting policies and estimates, please see the disclosures in Part II, Item 7 of the Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and are not required to provide the information specified under this item.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures (as defined in Exchange Act Rule 13a–15(e) and 15d-15(e)) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act, and the rules and regulations thereunder, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Evaluation of Disclosure Controls and Procedures

We have carried out an evaluation, under the supervision, and with the participation, of management, including our chief executive officer and chief financial officer, of our disclosure controls and procedures (as defined in Rule 13a-15(e)) of the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10–Q. During the preparation of our financial statements for the six months ended June 30, 2025, our management identified a material weakness in our internal control over financial reporting due to a lack of segregation of duties. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Specifically, our management identified a material weakness in our internal controls within the financial reporting function that resulted from an ineffective design and implementation of controls over proper segregation of duties for the period of time covered by our financial statements prior to our then-Chief Financial Officer joining us in June 2022 when all financial functions were handled by a single individual, and afterward, through June 30, 2025, due to a limited number of individuals. Based upon such evaluation, and due to the material weakness identified, our principal executive officer and principal financial and accounting officer have concluded that our disclosure controls and procedures were not effective.

Remediation Plan for Material Weakness

With the addition of a chief financial officer and the changes made to our accounting and financial reporting processes and internal controls during the last half of fiscal year 2022 and through June 30, 2025, we have strengthened our internal controls and will continue to add staff, evaluate segregation of duties, and implement initiatives to improve our internal controls over financial reporting as we grow.

Changes in Internal Control over Financial Reporting

There has been no change in the Company's internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) that occurred during the six months ended June 30, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

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 inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within an organization have been detected. Accordingly, our disclosure controls and procedures and our internal control over financial reporting are designed to provide reasonable, not absolute, assurance that the objectives of the control system are met. We continue to implement, improve, and refine our disclosure controls and procedures and our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be involved in legal proceedings relating to intellectual property, commercial, employment and other matters arising in the ordinary course of business. Such matters are subject to uncertainty and there can be no assurance that such legal proceedings will not have a material adverse effect on our business, results of operations, financial position, or cash flows. We are not party to any legal proceedings at this time.

Item 1A. Risk Factors

Our business is subject to risks, uncertainties, and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. Except as set forth below, there have been no material changes from the risk factors previously described in "Part I, Item 1A. Risk Factors" of the Annual Report.

Risks Related to Our Financial Condition and Capital Requirements

There is substantial doubt about our ability to continue as a going concern.

We have incurred recurring operating losses and negative cash flows from operating activities since inception and expect to continue incurring operating losses and negative cash flows in the future. In connection with the preparation of our Quarterly Report, our management concluded that there is substantial doubt as to whether we can continue as a going concern for the twelve months following the issuance of the Quarterly Report. Our ability to continue as a going concern is dependent upon raising capital to maintain current operations and continue research and development efforts. We plan to raise additional capital to fund our operations through public or private equity offerings, debt financings, and/or potential collaborations and license arrangements or other sources. There is no assurance, however, that any additional financing or any revenue-generating collaboration will be available when needed or that we will be able to obtain financing or enter into a collaboration on terms acceptable to us.

These factors raise substantial doubt about our ability to continue as a going concern. Substantial doubt about our ability to continue as a going concern may materially and adversely affect the price per share of our Common Stock, and it may be more difficult for us to obtain financing. If existing or potential collaborators decline to do business with us or potential investors decline to participate in any future financings due to such concerns, our ability to increase our cash position may be limited. The perception that we may not be able to continue as a going concern may cause others to choose not to deal with us due to concerns about our ability to meet our contractual obligations. We have prepared our condensed consolidated financial statements on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Our financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern. If we are unable to continue as a going concern, we will be forced to delay, reduce, or discontinue our research and development programs or consider other various strategic alternatives and you could lose all or part of your investment in us.

Risks Related to Manufacturing

Manufacturing cell therapy products is complex and subject to both human and systemic risks. Our third-party manufacturers or we may encounter difficulties in production and sourcing and may be subject to variations and supply constraints of critical components. If we or any of our third-party manufacturers encounter such difficulties, our ability to supply our product candidates for clinical trials or our products for patients, if approved, could be delayed or prevented.

The manufacture of biologic cell therapy product candidates, and products, if approved, is complex and requires significant expertise and capital investment, including developing advanced manufacturing techniques and process controls. Manufacturers of biologic products often encounter difficulties in production and sourcing, particularly in scaling up or out, validating the production process, and assuring high reliability of the manufacturing processes (including the absence of contamination), in light of variations and supply constraints of critical components. These problems include logistics and shipping, difficulties with production costs and yields, quality control, including consistency, stability, purity, and efficacy of the product, product testing, operator error, and availability of qualified personnel, as well as compliance with strictly enforced federal, state, and foreign regulations. For example, timelines for our planned twelve-week Phase 1/2 clinical trial utilizing CYWC628 for treatment of diabetic foot ulcers in Australia have been extended as we work with our CDMO to resolve process issues with the manufacturing training run and increase the number of test manufacturing runs needed to confirm no sterility issues before we begin the manufacture of CYWC628 for the clinical trial. Furthermore, if contaminants are discovered in our supply of our product candidates or in the manufacturing facilities, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. We cannot assure you that any stability, purity, and efficacy failures, deficiencies, or other issues relating to manufacturing our product candidates will not occur in the future.

Additionally, our product candidates are derived from cells collected from humans. Such cells may vary in type and quality as the donors may vary in age, medical history, and many other factors. We have strict specifications for donor cell material and our product candidates. The donor cell material variability may exceed our manufacturing process capability or deviate from the specified ranges and result in failure in the production of the cell therapy product, lower quality batches, or even require adjustments to the specifications approved by authorities. The donor cell material may also be variable in factors that we currently may not be able to detect with the analytical methods used or may not know how to measure. We may also discover failures with the material after production. As a result, we may not be able to deliver the quality and consistency of our cell therapy products that we need or may need to re-collect cell material which can increase costs and/or cause delay, result in recalls, adversely impact patient outcomes and otherwise harm our clinical trials, reputation, business, and prospects.

We may fail to manage the logistics of collecting and shipping patient material to the manufacturing site, shipping the product candidate back to the relevant parties, and experiencing delays or shortages of certain clinical or commercial-grade supplies and components. Logistical and shipment delays

and problems caused by us, our vendors, or other factors not in our control, including business interruptions, global supply chain issues, and weather, could prevent or delay the delivery of product candidates to patients. Additionally, we have to maintain a complex chain of identity and chain of custody with respect to donor material as it moves to the manufacturing facility, through the manufacturing processes, and ultimately to a patient. Failure to maintain a chain of identity and chain of custody could result in patient death, loss of product, or regulatory action.

Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, seizures or voluntary recalls of product candidates, operating restrictions, and criminal prosecutions, any of which could significantly affect supplies of our product candidates. The facilities used by our contract manufacturers to manufacture our product candidates must be evaluated by the FDA. We do not control the manufacturing process of, and are completely dependent on, our contract manufacturing partners for compliance with cGMPs. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA, the EMA, or other comparable regulatory authorities, we may not be able to secure and/or maintain regulatory approval for our product candidates manufactured at these facilities. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA finds deficiencies or a comparable foreign regulatory authority does not approve these facilities for the manufacture of our product candidates or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our product candidates, if approved. Contract manufacturers may face manufacturing or quality control problems causing drug substance production and shipment delays or a situation where the contractor may not be able to maintain compliance with the applicable cGMP requirements. Any failure to comply with cGMP requirements or other FDA, EMA and comparable foreign regulatory requirements could adversely affect our clinical research activities and our ability to develop our product candidates and market our products, if approved.

The production of our cell banks and product candidates by a contract development manufacturing organization may fail and result in delays, additional costs, or technical failure.

We have contracted with CDMOs for the production of our master cell banks and working cell banks for our fibroblast cell-based product candidates to enable clinical trials. If the CDMO is unable to produce our master cell banks, working cell banks and our fibroblast cell-based product candidates to enable clinical trials, we may encounter delays, additional costs, or technical failure of one or more of our product candidates. For example, timelines for our planned twelve-week Phase 1/2 clinical trial utilizing CYWC628 for treatment of diabetic foot ulcers in Australia have been extended as we work with our CDMO to resolve process issues with the manufacturing training run and increase the number of test manufacturing runs needed to confirm no sterility issues before we begin the manufacture of CYWC628 for the clinical trial.

Our reliance on third parties reduces our control over our product candidate development activities but does not relieve us of our responsibility to ensure compliance with all required legal, regulatory and industry standards. For example, the FDA and other regulatory authorities require that our product candidates and any products that we may eventually commercialize be manufactured according to cGMP requirements. Any failure by our third-party manufacturers to comply with cGMP or maintain a compliance status acceptable to the FDA or other regulatory authorities or failure to scale up manufacturing processes, including any failure to deliver sufficient quantities of product candidates in a timely manner, could lead to a delay in, or failure to obtain, regulatory approval of any of our product candidates.

If we were to need an alternate CDMO, we would incur added costs and delays in identifying and qualifying any such replacement. In addition, we expect to order drug product and services on a statement of work or purchase order basis and do not plan to enter into long-term dedicated capacity or minimum supply arrangements with any commercial manufacturer. We may not be able to timely secure needed supply arrangements on satisfactory terms, or at all. Our failure to secure these arrangements as needed could have a material adverse effect on our ability to complete the development of our product candidates or, to commercialize them, if approved. We may be unable to conclude agreements for commercial supply with third-party manufacturers or may be unable to do so on acceptable terms. There may be difficulties in scaling up to commercial quantities and formulation of our product candidates, and the costs of manufacturing could be prohibitive.

Changes in the methods of product candidate manufacturing or formulation may result in additional costs or delay.

As product candidates proceed through preclinical studies to late-stage clinical trials towards potential marketing approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods, formulation, materials, and processes, are altered along the way in an effort to optimize processes and product characteristics. Such alterations can also occur due to changes in manufacturers. Such changes carry the risk that they will not achieve their intended objectives. Any such changes could cause our product candidates to perform differently and affect the results of planned clinical trials or other future clinical trials conducted with product candidates produced using the modified manufacturing methods, materials, and processes. Such changes may also require additional testing, FDA notification or FDA approval. This could delay the completion of clinical trials, require the conduct of bridging clinical trials or the repetition of one or more clinical trials beyond those we currently anticipate, increase clinical trial costs, delay approval of our product candidates and jeopardize our ability to commercialize our product candidates if approved. In addition, we may be required to make significant changes to our upstream and downstream processes across our pipeline, which could delay the development of future product candidates. For example, we encountered process issues with the manufacturing training run of CYWC628 and will need to increase the number of test manufacturing runs needed to confirm no sterility issues before we begin the manufacture of CYWC628 for the clinical trial. These issues have caused us to extend the timelines for the initiation and completion of our planned twelve-week Phase 1/2 clinical trial utilizing CYWC628 for treatment of diabetic foot ulcers in Australia. If changes are needed to the manufacturing methods for CYWC628 as a result of these issues, the timing for the initiation and completion of our clinical trial in Australia may be further delayed.

We rely on third parties for our manufacturing process and may, in the future, depend on third-party manufacturers for our product candidates, and this increases the risk related to the timely and sufficient production of our product candidates.

We do not have complete control over all aspects of the manufacturing process of, and are dependent on, our contract manufacturing partners for compliance with cGMP regulations for manufacturing our cell therapy product candidates. Third-party manufacturers may be unable to comply with cGMP regulations or similar regulatory requirements outside the United States. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA, the EMA, or other regulatory authorities, we will not be able to produce our product candidates. In addition, we do not have control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. For example, we are currently working with our CDMO to resolve process issues with the manufacturing training run of CYWC628 and to complete additional test manufacturing runs needed to confirm no sterility issues before we begin the manufacture of CYWC628 for our planned twelve-week Phase 1/2 clinical trial utilizing CYWC628 for treatment of diabetic foot ulcers in Australia. If these issues are not resolved, we will be unable to manufacture CYWC628 for our planned clinical trial in a timely manner. If the FDA, the EMA, or a comparable foreign regulatory authority does not approve these facilities for the manufacture of our product candidates or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain marketing approval for or market our product candidates, if approved. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our product candidates and harm our business and results of operations. Furthermore, the raw materials for our product candidates may be sourced, in some cases, from a single-source supplier. If we were to experience an unexpected loss of supply of any of our product candidates or any of our future product candidates for any reason, whether as a result of manufacturing, supply, or storage issues or otherwise, we could experience delays, disruptions, suspensions, or terminations of, or be required to restart or repeat, any pending or ongoing clinical trials.

We currently rely on third-party manufacturers to produce our product candidates. In the event that we or any of our third-party manufacturers fail to comply with such requirements or to perform with certain requirements in relation to quality, timing, or otherwise, or if our supply of components or other materials becomes limited or interrupted for other reasons, we may be forced to enter into an agreement with another third party, which we may not be able to do on commercially reasonable terms, if at all. In particular, any replacement of our third-party manufacturers could require significant effort and expertise because there may be a limited number of qualified replacements. In some cases, the technical skills or technology required to manufacture our product candidates may be unique or proprietary to us or the third-party manufacturer. We may have difficulty transferring such skills or technology to another third party, and a feasible alternative may not exist. In addition, certain of our product candidates and our own proprietary methods have never been produced or implemented outside of our company. Therefore, we may experience delays in our development programs if we attempt to establish new third-party manufacturing arrangements for these product candidates or methods. These factors would increase our reliance on such manufacturers or require us to obtain a license from such manufacturers in order to have another third party manufacture our product candidates. If we are required to or voluntarily stop manufacturing our product candidates for any reason, we will be required to verify that the new manufacturer maintains facilities and procedures that comply with quality standards and with all applicable regulations and guidelines and that the product produced is equivalent to that produced in our facility. The delays associated with the verification of a new manufacturer and equivalent product could negatively affect our ability to develop product candidates in a timely manner or within budget.

Our or a third party's failure to execute our manufacturing requirements, do so on commercially reasonable terms and timelines, and comply with cGMP requirements could adversely affect our business in a number of ways, including:

- inability to meet our product specifications and quality requirements consistently;
- inability to initiate or continue clinical trials of our product candidates under development;
- delays in submitting regulatory applications or receiving marketing approvals for our product candidates, if at all;
- inability to commercialize any product candidates that receive marketing approval on a timely basis;
- loss of the cooperation of future collaborators;
- subjecting third-party manufacturing facilities or our manufacturing facilities to additional inspections by regulatory authorities;
- requirements to cease development or to recall batches of our product candidates; and
- in the event of approval to market and commercialize our product candidates, an inability to meet commercial demands for our product candidates or any future product candidates.

Risks Related to Ownership of Our Common Stock

Failure to maintain compliance with the applicable Nasdaq continued listing requirements could result in our common stock being delisted, which could limit stockholders' ability to trade our common stock.

As a listed company on Nasdaq, we are required to meet certain financial, public float, bid price and liquidity standards on an ongoing basis to continue the listing of our common stock. If we fail to meet these continued listing requirements, our common stock may be subject to delisting, which could materially impact the liquidity of our common stock making it more challenging to buy and sell shares of our common stock. On April 1, 2025, the listing of our common stock was moved from the Nasdaq Global Market to the Nasdaq Capital Market. We requested this move to allow us to satisfy less stringent financial, liquidity, and market capitalization requirements to continue the listing of our common stock. For example, the market value requirement of the Nasdaq Capital Market is $35 million versus $50 million for the Nasdaq Global Market and the stockholders' equity requirement for the Nasdaq Capital Market is $2.5 million versus $10 million for the Nasdaq Global Market. Following the transfer, we remain subject to the $1

minimum bid price requirement and continued listing requirements for the Nasdaq Capital Market, and no assurance can be given that we will be able to satisfy these requirements. If we fail to meet any of these requirements after the transfer, our securities may be delisted from Nasdaq.

On July 1, 2025, we received a notification letter from the Nasdaq Listing Qualifications Staff notifying us that the closing bid price of our shares of common stock was below the minimum closing bid price of $1.00 per share during the previous 30 consecutive trading days, or the Notice, as required for continued listing on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(2).

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have been provided an initial period of 180 calendar days, or until December 29, 2025, to regain compliance with this requirement. To regain compliance, the closing bid price of our common stock must be $1.00 per share or more for a minimum of 10 consecutive business days at any time before December 29, 2025. If we do not regain compliance with Rule 5550(a)(2) by December 29, 2025, we may be eligible for an additional 180 calendar day compliance period. To qualify, we will be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for the Nasdaq Capital Market, except the bid price requirement, and will need to provide written notice to Nasdaq of our intention to cure the deficiency during the second compliance period. If it appears to the Staff that we will not be able to cure the deficiency, or if we are otherwise not eligible, Nasdaq will notify us that our securities will be subject to delisting. In the event of such notification, we may appeal the Staff's determination to delist our securities, but there can be no assurance the Staff will grant our request for continued listing.

We continue to actively monitor our performance with respect to the listing standards and will consider available options to resolve any deficiency and maintain compliance with the Nasdaq rules. There can be no assurance that we will be able to maintain compliance or, if we fall out of compliance, regain compliance with any deficiency, or if we implement an option that regains our compliance, maintain compliance thereafter. If we fail to regain compliance with the Nasdaq continued listing standards, our common stock will be subject to delisting from Nasdaq.

Without a Nasdaq market listing, stockholders may have a difficult time getting a quote for the sale or purchase of our common stock, the sale or purchase of our common stock would likely be made more difficult and the trading volume and liquidity of our common stock could decline. Delisting from Nasdaq could also result in negative publicity and could also make it more difficult for us to raise additional capital. The absence of such a listing may adversely affect the acceptance of our common stock as currency or the value accorded by other parties. Further, if we are delisted, we would lose federal pre-emption of state securities laws as it relates to our securities and thus also incur additional costs under state blue sky laws in connection with any sales of our securities. These requirements could severely limit the market liquidity of our common stock and the ability of our stockholders to sell our common stock in the secondary market. If our common stock is delisted by Nasdaq, our common stock may be eligible to trade on an over-the-counter quotation system, such as the OTCQB market, where an investor may find it more difficult to sell our common stock or obtain accurate quotations as to the market value of our common stock. We cannot assure you that our common stock, if delisted from Nasdaq, will be listed on another national securities exchange or quoted on an over-the counter quotation system. If our common stock is delisted, it may come within the definition of "penny stock" as defined in the Exchange Act and would be covered by Rule 15g-9 of the Exchange Act. Rule 15g-9 imposes additional sales practice requirements on broker-dealers who sell securities to persons other than established customers and accredited investors. For transactions covered by Rule 15g-9, the broker-dealer must make a special suitability determination for the purchaser and receive the purchaser's written agreement to the transaction prior to the sale. Consequently, Rule 15g-9, if it were to become applicable, would affect the ability or willingness of broker-dealers to sell our securities, and accordingly would affect the ability of stockholders to sell their securities in the public market. These additional procedures could also limit our ability to raise additional capital in the future.

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

The following sets forth information regarding all unregistered securities we sold during the six months ended June 30, 2025. Unless stated otherwise, the sales of the securities listed below were deemed to be exempt from registration pursuant to Section 4(a)(2) of the Securities Act, as transactions by an issuer not involving a public offering.

On January 7, 2025, we satisfied the commitment fee due under the SEPA with YA II PN, LTD., or the Investor, by issuing 118,991 shares of our Common Stock to the Investor at a $2.1010 price per share.

Below is a summary of conversions during the six months ended June 30, 2025 by the Investor of short-term convertible notes issued to the Investor under the SEPA:

Date	Tranche	Principal Amount	Shares Issued	Price Per Share
January 23, 2025	Second Note	$ 900,000	552,113	$ 1.6301
January 27, 2025	Second Note	$ 500,000	317,238	$ 1.5761
January 29, 2025	Second Note	$ 500,000	334,336	$ 1.4955
February 7, 2025	Second Note	$ 1,100,000	732,941	$ 1.5008
February 21, 2025	Second Note	$ 250,000	232,169	$ 1.0768
March 4, 2025	Second Note	$ 350,000	361,794	$ 0.9674
April 11, 2025	Second Note	$ 200,000	263,643	$ 0.7586
April 15, 2025	Second Note	$ 200,000	263,643	$ 0.7586
May 15, 2025	Second Note	$ 300,000	388,450	$ 0.7723
June 2, 2025	Second Note	$ 100,000	147,579	$ 0.6776
June 3, 2025	Second Note	$ 300,000	442,739	$ 0.6776
June 20, 2025	Second Note	$ 100,000	144,216	$ 0.6934
June 24, 2025	Second Note	$ 200,000	295,377	$ 0.6771
June 26, 2026	Third Note	$ 300,000	443,066	$ 0.6771
June 27, 2025	Third Note	$ 500,000	738,443	$ 0.6771

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Director and Officer Trading Plans and Arrangements

None of our directors or “officers,” as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, adopted or terminated a Rule 10b5-1 trading plan or arrangement or a non-Rule 10b5-1 trading plan or arrangement, as defined in Item 408(c) of Regulation S-K, during the fiscal quarter covered by this report.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporation By Reference			
		Form	SEC File No.	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of the Registrant	8-K	001-41934	3.1	August 28, 2024
3.2	Amendment to Amended and Restated Certificate of Incorporation of FibroBiologics, Inc.	8-K	001-41934	3.1	June 13, 2025
3.3	Amended and Restated Bylaws of the Registrant	8-K	001-41934	3.1	June 27, 2024
10.1	Employment Agreement effective from June 9, 2025, between FibroBiologics, Inc. and Jason D. Davis.	8-K	001-41934	10.1	June 9, 2025
10.2	Convertible Promissory Note, dated June 16, 2025, between FibroBiologics, Inc. and YA II PN, LTD.	8-K	001-41934	10.1	June 16, 2025
10.3	Consulting Agreement, dated May 15, 2025, between FibroBiologics, Inc. and Robert E. Hoffman.				
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.				
31.2	Certification of Principal Financial and Accounting Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.				
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*				
101.INS	Inline XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	Inline XBRL Taxonomy Schema Document.				
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document.				
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document.				
101.LAB	Inline XBRL Taxonomy Label Linkbase Document.				
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document.				
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.INS, 101.SCH, 101.CAL, 101.DEF, 101.LAB, and 101.PRE).				

* The certifications attached as Exhibit 32.1 accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

SIGNATURE

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.

FIBROBIOLOGICS, INC.

Date: July 31, 2025

By: */s/ Jason D. Davis*
Jason D. Davis
Chief Financial Officer
(*Duly Authorized Officer and Principal Financial Officer*)

Exhibit 10.1

FIBROBIOLOGICS, INC.
EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (this "***Agreement***") is made effective from June 9, 2025 (the "***Effective Date***") by and among **FIBROBIOLOGICS, INC.** (the "***Company***") and Jason D. Davis ("***CFO***"). The Company and CFO are hereinafter collectively referred to as the "***Parties***," and individually referred to as a "***Party***".

RECITALS

The Company desires to employ CFO, and CFO is willing to accept such employment by the Company, on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the foregoing Recitals and the mutual promises and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. EMPLOYMENT.

1.1 Title. Effective as of the Effective Date, CFO's position shall be Chief Financial Officer of the Company, subject to the terms and conditions set forth in this Agreement.

1.2 Term. The term of CFO's employment under this Agreement shall begin on the Effective Date and shall continue until it is terminated pursuant to Section 4 herein (the "***Term***").

1.3 Duties. CFO shall carry out and perform all services, acts and actions necessary or advisable to manage and conduct the business of the Company that are normally associated with the position of Chief Financial Officer of a business enterprise comparable to the Company. CFO shall report to the Chief Executive Officer of the Company (the " ***Chief Executive Officer***").

1.4 Policies and Practices. The employment relationship between the Parties shall be governed by this Agreement and by the policies and practices established by the Company and/or the Board of Directors of the Company (the "***Board***"), or any designated committee thereof. In the event that the terms of this Agreement differ from, or are in conflict with, the Company's policies or practices or the Company's Employee Handbook, this Agreement shall control.

1.5 Location. Unless the Parties otherwise agree in writing, during the Term CFO shall perform the services CFO is required to perform pursuant to this Agreement at the Company's offices in Houston, Texas, ***provided, however*,** that the Company may from time to time require CFO to travel temporarily to other locations in connection with the Company's business.

2. LOYALTY; NONCOMPETITION; NONSOLICITATION.

2.1 Loyalty. During CFO's employment with the Company, CFO shall devote CFO's full business energies, interest, abilities, and productive time to the proper and efficient performance of CFO's duties under this Agreement.

2.2 Agreement not to Participate in Company's Competitors' Businesses. During CFO's employment with the Company, CFO agrees not to acquire, assume or participate in, directly or indirectly, any position, investment or interest known by CFO to be adverse or antagonistic to the Company, any of its Affiliates (as defined below), their businesses or prospects, financial or otherwise, or in any company, person, or entity that is, directly or indirectly, in competition with the business of the Company or any of its Affiliates. Ownership by CFO, in professionally managed funds over which CFO does not have control or discretion in investment decisions, or as a passive investment, of less than two percent (2%) of the outstanding shares of capital stock of any corporation with one or more classes of its capital stock listed on a national securities exchange or publicly traded on a national securities exchange or in the over-the-counter market shall not constitute a breach of this Section. For purposes of this Agreement, "***Affiliate***,"

means, with respect to any specific entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified entity. For purposes of the preceding sentence, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any entity or organization, shall mean the possession, directly or indirectly, of the power (a) to vote more than fifty percent (50%) of the securities having ordinary voting power for the election of directors or comparable individuals of the controlled entity or organization, or (b) to direct or cause the direction of the management and policies of the controlled entity or organization, whether through the ownership of voting securities or by contract or otherwise.

2.3 Covenant not to Compete. During CFO's employment with the Company, CFO shall not engage in competition with the Company and/or any of its Affiliates in any manner or capacity, as adviser, principal, agent, affiliate, promoter, partner, officer, director, employee, stockholder, owner, co-owner, consultant, in any phase of the business of developing, manufacturing and marketing of products or services that directly compete with the products or services of the Company, except with the prior written consent of the Board.

2.4 Nonsolicitation Covenant. During the Term and for the one (1) year period immediately following the end of the Term, CFO will not personally or through others recruit, solicit or induce any employee or consultant of the Company or its Affiliates to terminate his or her employment with, or service to, the Company or an Affiliate.

3. COMPENSATION OF CFO.

3.1 Base Salary. The Company shall pay CFO a base salary at the annualized rate of $350,000 (the "***Base Salary***"), less payroll deductions and all required withholdings, payable in regular periodic installments in accordance with the Company's normal payroll practices. The Base Salary shall be prorated for any partial year of employment on the basis of a 365-day fiscal year. A signing bonus of $15,000 will be paid upon, or shortly thereafter, the agreed "start date" of CFO's employment.

3.2 Discretionary Bonus. At the sole discretion of the Board and Chief Executive Officer, promptly following each calendar year of employment during the Term CFO shall be eligible to receive a discretionary cash bonus of up to 40% of CFO's then-current Base Salary (the "***Bonus***"), based on CFO's achievement of certain performance goals ("***Performance Goals***") to be established by the Chief Executive Officer in writing in a manner reasonably consistent with the Company's priorities. The determination of whether CFO has met the Performance Goals for any given year, and if so, the amount of any Bonus that will be paid for such year (if any), shall be determined by the Board and Chief Executive Officer in their sole and absolute discretion. In order to be eligible to earn or receive any Bonus, CFO must remain employed by the Company through and including the date of payment of such Bonus. For the first calendar year of CFO's employment with Company, the Bonus payable shall be pro-rated in accordance with the percentage of the calendar year that the CFO is employed by the Company.

3.3 Relocation. Reserved.

3.4 Stock Option. As soon as practicable following the Effective Date, CFO will be granted an option to purchase up to 450,000 shares of the Company's Common Stock (the "***Base Option***") pursuant to the terms of the Company's 2022 Stock Plan, as amended from time to time (the "***Plan***"). The Base Option shall be subject to vesting such that, subject to CFO's continued employment with the Company, 1/4 of the shares subject to the Base Option shall vest as of the first anniversary of the Effective Date and 1/48th of the shares subject to the Base Option shall vest in equal monthly installments on the monthly anniversary of the Effective Date of each month for the 36 months thereafter. The exercise price per share of the Base Option will be equal to the fair market value of a single share of Common Stock on the date the Base Option is granted, as determined under the terms of the Plan in good faith by the Board. The Base Option will be governed by the Plan and shall be granted pursuant to a separate stock option grant notice and stock option agreement. The Compensation Committee of the Board will review executive compensation annually which includes Base Salary, bonus and equity compensation.

3.5 Expense Reimbursements. The Company will reimburse CFO for all reasonable business expenses CFO incurs in conducting his duties hereunder, pursuant to the Company's usual expense reimbursement policies; provided that CFO supplies the appropriate substantiation for such expenses no later than the end of the calendar month following the month in which such expenses were incurred by CFO.

3.6 Changes to Compensation. CFO's compensation will be reviewed annually and may be changed from time to time in the Board's sole discretion.

3.7 Employment Taxes. All of CFO's compensation shall be subject to customary withholding taxes and any other employment taxes as are required to be collected or withheld by the Company.

3.8 Benefits. CFO shall, in accordance with Company policy and the terms of the applicable plan documents, be eligible to participate in benefits under any benefit plan or arrangement that may be in effect from time to time and made available to the Company's senior management employees.

3.9 Holidays and Vacation. CFO shall be eligible for paid holiday and vacation time in accordance with Company policy as in effect from time to time.

4. TERMINATION.

4.1 Termination by the Company. CFO's employment with the Company is at will and may be terminated by the Company at any time and for any reason, or for no reason, including, but not limited to, under the following conditions:

4.1.1 Termination by the Company for Cause. The Company may terminate CFO's employment under this Agreement for "Cause" (as defined below) by delivery of written notice to CFO. Any notice of termination given pursuant to this section shall affect such termination as of the date of the notice, or as of such other date specified in the notice.

4.1.2 Termination by the Company without Cause. The Company may terminate CFO's employment under this Agreement without Cause at any time and for any reason, or for no reason. Such termination shall be effective on the date CFO is so informed, or as otherwise specified by the Company.

4.2 Termination by CFO. CFO may terminate his employment with the Company at any time and for any reason, or for no reason, upon thirty (30) days written notice to the Company.

4.3 Termination for Death or Disability. CFO's employment with the Company shall automatically terminate effective upon the date of CFO's death or Disability (as defined in the Plan).

4.4 Termination by Mutual Agreement of the Parties. CFO's employment with the Company may be terminated at any time upon a mutual agreement in writing of the Parties. Any such termination of employment shall be effective as of the date and have the consequences specified in such agreement.

4.5 Compensation upon Termination.

4.5.1 Death or Disability. If CFO's employment is terminated by death or Disability, the Company shall pay to CFO, or in the case of CFO's death to CFO's surviving spouse or estate as determined by the Company, CFO's accrued and unpaid portion of the Base Salary, and accrued and unused vacation benefits, earned through the date of termination, at the rate in effect at the time of termination, less required deductions and withholdings. The Company shall thereafter have no further obligations to CFO and/or CFO's estate or heirs under this Agreement.

4.5.2 Termination For Cause. If the Company terminates CFO's employment for Cause, then the Company shall pay CFO's accrued and unpaid portion of the Base Salary, and accrued and unused vacation benefits, earned through the date of termination, at the rate in effect at the time of termination, less required deductions and withholdings. The Company shall thereafter have no further obligations to CFO under this Agreement.

4.5.3 Termination by Company Without Cause or by CFO for Good Reason Not In Connection with a Change in Control. If the Company terminates CFO's employment without Cause or if CFO resigns his employment for Good Reason, in either case at any time other than upon the occurrence of, or within the 13 months immediately following, the effective date of a Change in Control, the Company shall pay CFO's accrued

and unpaid portion of the Base Salary, and accrued and unused vacation benefits, earned through the date of termination, at the rate in effect at the time of termination, less required deductions and withholdings. In addition to the above, if CFO furnishes to the Company an executed waiver and release of claims in the form attached hereto as **Exhibit A** (or in such other form as may be specified by the Company) (the "***Release***") within the time period specified therein, but in no event later than 45 days following the date CFO's employment terminates, and if CFO allows such Release to become effective in accordance with its terms and does not revoke such Release, then (i) CFO shall be entitled to severance payable by the Company in an amount equal to one-twelfth of the amount of the Base Salary in effect at the time of termination or, if applicable, immediately prior to the event giving rise to the Good Reason (the "***Severance Payments***"), for a period of nine (9) months following the termination date (the "***Severance Period***"), and (ii) the Company will reimburse CFO for the monthly premium CFO timely pays during the Severance Period or until he obtains new employment, whichever comes first, for COBRA continuation coverage timely elected by CFO for CFO and CFO's family (the ***"COBRA Coverage"***). The Severance Payments will be subject to required payroll deductions and withholdings and will be made in installments and paid during a month on the Company's regular payroll cycle as if installments were payments of the Base Salary, provided, however, that those Severance Payments otherwise scheduled to be made prior to the date the Release becomes non-revocable by CFO shall accrue and be paid in the first payroll period that follows such date. The Company will reimburse CFO for a COBRA Coverage premium payment within 30 days after the date CFO timely makes such premium payment provided that CFO provides the Company proof of such payment at the time CFO makes the payment. The Company shall thereafter have no further obligations to CFO under this Agreement. For purposes of this Agreement, the term "Change in Control" has the meaning set forth in the Plan. If the Release is found to be unenforceable by a court of competent jurisdiction or an arbitrator in connection with any action involving CFO, then CFO shall forfeit his right to any additional Severance Payments and COBRA Coverage under this Agreement after such determination is made and CFO shall repay to the Company the entire amount of the Severance Payments and the value of the COBRA Coverage benefits previously paid and/or received by him or such lesser amount as determined by the Company.

4.5.4 Termination by Company Without Cause or by CFO for Good Reason In Connection with a Change in Control. If the Company terminates CFO's employment without Cause or if CFO resigns his employment for Good Reason, in either case upon the occurrence of, or within the 3 months prior or 13 months immediately following, the effective date of a Change in Control, the Company shall pay CFO's accrued and unpaid portion of the Base Salary, and accrued and unused vacation benefits, earned through the date of termination, at the rate in effect at the time of termination, less required deductions and withholdings. In addition, if CFO furnishes to the Company an executed Release within the time period specified therein, but in no event later than 45 days following the date CFO's employment terminates, and if CFO allows such Release to become effective in accordance with its terms and does not revoke such Release, then CFO shall be entitled to: (1) the Severance Payments and COBRA Coverage on the same basis described in Section 4.5.3 above and (2) accelerated vesting of any unvested portion of the Base Option such that CFO shall become vested in 100% of the shares subject to such Base Option on the date the Release becomes non-revocable by CFO. The Company shall thereafter have no further obligations to CFO under this Agreement.

4.6 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

4.6.1 ***"Cause"*** shall mean the occurrence of any one or more of the following: (i) CFO's commission of any crime involving fraud, dishonesty or moral turpitude; (ii) CFO's attempted commission of or participation in a fraud or act of dishonesty against the Company or its Affiliates that results in (or might have reasonably resulted in) harm to the business of the Company or its Affiliates; (iii) CFO's intentional, material violation of any contract or agreement between CFO and the Company or any statutory duty CFO owes to the Company; or (iv) CFO's conduct that constitutes gross insubordination, incompetence or habitual neglect of duties and that results in (or might have reasonably resulted in) harm to the business of the Company or its Affiliates; *provided, however*, that the action or conduct described in clauses (iii) and (iv) above will constitute "Cause" only if such action or conduct continues after the Company has provided CFO with written notice thereof and thirty (30) days to cure, or otherwise remedy to the extent possible under direct control of the CFO, the same. An occurrence of "Cause" as set forth in the preceding sentence shall be based upon a good faith determination by the Board. CFO's Disability shall not constitute Cause as set forth herein. The determination that a termination is for Cause shall be by the Board in its sole and exclusive judgment and discretion.

4.6.2 "***Good Reason***" shall mean any of the following actions: (i) the assignment to CFO of any duties or responsibilities that results in a material diminution in CFO's function (for Section 4.5.4, as in effect immediately prior to the effective date of the Change in Control); *provided, however*, that a change in CFO's title or reporting relationships shall not provide the basis for a voluntary termination with Good Reason; (ii) a material reduction by the Company in CFO's annual Base Salary (for Section 4.5.4, as in effect on the effective date of the Change in Control); *provided, however*, that Good Reason shall not be deemed to have occurred in the event of a reduction in CFO's annual base salary that is pursuant to a salary reduction program affecting substantially all of the employees and/or executives of the Company and that does not adversely affect CFO to a greater extent than other similarly situated employees and/or executives; or (iii) a relocation of CFO's primary business office to a location more than 50 miles from the location of CFO's primary business office provided in Section 1.5 and which increases the CFO's commute (for Section 4.5.4, as of the effective date of the Change in Control), except for required travel by CFO on the Company's business to an extent substantially consistent with CFO's business travel obligations; *provided*, *that* CFO may not resign for Good Reason without first providing the Company with written notice within ninety (90) days of the date of the initial existence of the condition that CFO believes constitutes Good Reason specifically identifying the acts or omissions constituting the grounds for Good Reason and allowing the Company a reasonable cure period of not less than thirty (30) days and not more than ninety (90) days following the date of such notice, and if such acts or omissions constituting the grounds for Good Reason are not so timely cured CFO must resign for Good Reason within the thirty (30) days immediately following the last day of the applicable cure period.

4.7 Parachute Payment. If any payment or benefit CFO would receive pursuant to this Agreement (***"Payment"***) would (i) constitute a "***Parachute Payment***" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "***Code***"), and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then such Payment shall be equal to the Reduced Amount. The "***Reduced Amount***" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion, up to and including the total of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in CFO's receipt, on an after-tax basis, of the greatest economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting Parachute Payments is necessary so that the Payment equals the Reduced Amount, reduction shall occur in the manner that results in the greatest economic benefit for CFO. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata.

In the event it is subsequently determined by the Internal Revenue Service that some portion of the Reduced Amount (as determined pursuant to clause (x) in the preceding paragraph) is subject to the Excise Tax, CFO agrees to promptly return to the Company a sufficient amount of the Payment so that no portion of the Reduced Amount is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount is determined in accordance with clause (y) in the preceding paragraph, CFO will have no obligation to return any portion of the Payment pursuant to the preceding sentence.

Unless CFO and the Company agree on an alternative accounting or law firm, the accounting firm then engaged by the Company for general tax compliance purposes shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint a nationally recognized accounting, law or consulting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting, law or consulting firm required to be made hereunder.

The Company shall use commercially reasonable efforts such that the accounting, law or consulting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to CFO and the Company within 15 calendar days after the date on which CFO's right to a Payment is triggered (if requested at that time by CFO or the Company) or such other time as requested by CFO or the Company.

4.8 Application of Internal Revenue Code Section 409A. It is intended that the payments and benefits provided under Section 4 of this Agreement (the "***Severance Benefits***") satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Code and the regulations and other guidance thereunder and any state law of similar effect (collectively "***Section 409A***") provided under Treasury Regulation §§1.409A-1(b)(4) (regarding short-term deferrals) and 1.409A-1(b)(9)(iii) (involuntary separation pay). Notwithstanding anything to

the contrary set forth herein, any Severance Benefits that constitute "deferred compensation" within the meaning of Section 409A shall not commence in connection with CFO's termination of employment unless and until CFO has also incurred a "separation from service" (as such term is defined in Treasury Regulation §1.409A-1(h) ("***Separation From Service***")), unless the Company reasonably determines that such amounts may be provided to CFO without causing CFO to incur the additional taxes and/or interest under Section 409A. If the Company (or, if applicable, the successor entity thereto) determines that the Severance Benefits, or any portion thereof, constitute "deferred compensation" under Section 409A and CFO is, on the date of his Separation From Service, a "specified employee" of the Company or any successor entity thereto, as such term is defined in Section 409A(a)(2)(B)(i) of the Code, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the Severance Benefit payments shall be delayed until the earlier to occur of: (i) the date that is six months and one day after CFO's Separation From Service, or (ii) the date of CFO's death (such applicable date, the "***Specified Employee Initial Payment Date***"), and the Company (or the successor entity thereto, as applicable) shall (A) pay to CFO a lump sum amount equal to the sum of the Severance Benefit payments that CFO would otherwise have received through the Specified Employee Initial Payment Date if the commencement of the payment of the Severance Benefits had not been so delayed pursuant to this Section and (B) commence paying the balance of the Severance Benefits in accordance with the applicable payment schedule set forth in this Agreement.

It is intended that each installment of the Severance Benefits payments provided for in this Agreement is a separate "payment" for purposes of Treasury Regulation §1.409A-2(b)(2)(i).

Notwithstanding anything to the contrary set forth herein, CFO shall receive the Severance Benefits described above, if and only if CFO duly executes and returns to the Company within the applicable time period set forth therein, but in no event more than forty-five days following the date of his Separation From Service, the Release and permits the Release to become effective and non-revocable in accordance with its terms. Notwithstanding any other payment schedule or other provision set forth in this Agreement, none of the Severance Benefits will be paid or otherwise provided to CFO prior to the date the Release is effective and non-revocable. Except to the extent that payments may be delayed until the Specified Employee Initial Payment Date pursuant to the preceding provisions, on the first regular payroll pay day following the date the Release is effective and non-revocable, the Company will pay CFO the Severance Benefits CFO would otherwise have received under the Agreement on or prior to such date but for the delay in payment related to the Release, with the balance of the Severance Benefits being paid as originally scheduled. All amounts payable under the Agreement will be subject to any required payroll taxes and deductions.

5. Confidential And Proprietary Information. CFO has already executed, as a condition of CFO's employment with the Company, the Company's standard form of Proprietary Information and Inventions Assignment Agreement (the "***PIIAA***"). The PIIAA remains in full force and effect.

5.1. **Intellectual Property Rights**.

5.1.1. CFO agrees that any and all ideas, inventions, technologies, discoveries, improvements, know-how and techniques that the CFO conceives, reduces to practice or develops during the term of his employment with the Company, alone or in conjunction with others, as a result of performing services for the Company under this Agreement (collectively, the "***Inventions***") shall be the sole and exclusive property of the Company.

5.1.2. CFO hereby assigns to the Company his entire right, title, and interest in and to all Inventions. Upon Company's reasonable request and at Company's expense, CFO will perform other activities necessary to affect the intent of this Section 5.1

5.1.3. CFO further agrees to cooperate and provide reasonable assistance to the Company to obtain and from time to time enforce United States and foreign patents, copyrights, and other rights and protections claiming, covering or relating to the Inventions in any and all countries.

5.1.4. CFO agrees to submit to the Company any proposed publication that contains Proprietary Information, Inventions or work performed by CFO for the Company hereunder. CFO further agrees that no such publication shall be made without the prior written consent of the Company, which consent shall not be unreasonably withheld.

6. Assignment and Binding Effect. This Agreement shall be binding upon and inure to the benefit of CFO and CFO's heirs, executors, personal representatives, assigns, administrators and legal representatives. Because of the unique and personal nature of CFO's duties under this Agreement, neither this Agreement nor any rights or obligations under this Agreement shall be assignable by CFO. This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns and legal representatives. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, "successor" means any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company.

7. Notices. All notices or demands of any kind required or permitted to be given by the Company or CFO under this Agreement shall be given in writing and shall be personally delivered (and receipted for) or faxed during normal business hours or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company:

FibroBiologics, Inc.
455 E. Medical Center Blvd.
Suite 300
Houston, Texas 77598

Attention: Chief Executive Officer

Fax Number: _____

If to CFO:

Jason D. Davis
***
***

Fax Number: _____

Any such written notice shall be deemed given on the earlier of the date on which such notice is personally delivered or three days after its deposit in the United States mail as specified above, or if the written notice is sent by fax upon confirmation of receipt. Either Party may change its address for notices by giving notice to the other Party in the manner specified in this Section.

8. Choice of Law. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of Texas without regard to its conflict of laws principles.

9. Integration. This Agreement, including **Exhibit A,** and the documents referenced herein, including the PIIAA and the Plan, contain the complete, final and exclusive agreement of the Parties relating to the terms and conditions of CFO's employment and the termination of CFO's employment, and supersedes any and all prior and/or contemporaneous oral and written employment agreements or arrangements between the Parties.

10. Amendment. This Agreement cannot be amended or modified except by a written agreement signed by CFO and by an officer of the Company other than CFO.

11. Waiver. No term, covenant or condition of this Agreement or any breach thereof shall be deemed waived, except with the written consent of the Party against whom the wavier is claimed, and any waiver or any such term, covenant, condition or breach shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term, covenant, condition or breach.

12. Severability. The finding by a court of competent jurisdiction or arbitrator of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such court or arbitrator shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision, which most accurately represents the Parties' intention with respect to the invalid or unenforceable term, or provision.

13. Interpretation; Construction. The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing the Company, but CFO has been encouraged to consult with, and has consulted with, CFO's own independent counsel and tax advisors with respect to the terms of this Agreement. The Parties acknowledge that each Party and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

14. Representations and Warranties. CFO represents and warrants that CFO is not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and that CFO's execution and performance of this Agreement will not violate or breach any other agreements between CFO and any other person or entity.

15. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original, all of which together shall contribute one and the same instrument.

16. Arbitration. To ensure the rapid and economical resolution of disputes that may arise in connection with CFO's employment with the Company, CFO and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to CFO's employment, or the termination of that employment, will be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration pursuant to both the substantive and procedural provisions of the Federal Arbitration Act in Houston, Texas conducted by the Judicial Arbitration and Mediation Services/Endispute, LLC ("***JAMS***"), or its successors, under the then current rules of JAMS for employment disputes; provided that the arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. Accordingly, CFO and the Company hereby waive any right to a jury trial. Both CFO and the Company shall be entitled to all rights and remedies that either CFO or the Company would be entitled to pursue in a court of law. The Company shall pay any JAMS filing fee and shall pay the arbitrator's fee. Nothing in this Agreement is intended to prevent either CFO or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Notwithstanding the foregoing, CFO and the Company each have the right to resolve any issue or dispute involving confidential, proprietary or trade secret information, or intellectual property rights, by court action instead of arbitration.

17. Trade Secrets Of Others. It is the understanding of both the Company and CFO that CFO shall not divulge to the Company and/or its subsidiaries or other Affiliates any confidential information or trade secrets belonging to others, including CFO's former employers, nor shall the Company and/or its Affiliates seek to elicit from CFO any such information. Consistent with the foregoing, CFO shall not provide to the Company and/or its Affiliates, and the Company and/or its Affiliates shall not request, any documents or copies of documents containing such information.

18. Advertising Waiver. CFO agrees to permit the Company, and persons or other organizations authorized by the Company, to use, publish and distribute advertising or sales promotional literature concerning the products and/or services of the Company, or the machinery and equipment used in the provision thereof, in which CFO's name and/or pictures of CFO taken in the course of CFO's provision of services to the Company appear. CFO hereby waives and releases any claim or right CFO may otherwise have arising out of such use, publication or distribution.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates below.

FIBROBIOLOGICS, INC.

By: /s/ Pete O'Heeron
Its: President and CEO

Dated: June 9, 2025

CFO:

/s/ Jason Davis
Jason D. Davis

Dated: June 9, 2025

EXHIBIT A
RELEASE AND WAIVER OF CLAIMS
TO BE SIGNED AFTER TERMINATION OF EMPLOYMENT

In consideration of the payments and other benefits described in my Employment Agreement effective June 9, 2025 (the "***Employment Agreement***"), with **FIBROBIOLOGICS, INC.** (the ***"Company"***), I, Jason D. Davis, hereby furnish the Company with the following release and waiver (***"Release and Waiver"***).

In exchange for the consideration provided to me by the Company under Section 4.5 of the Employment Agreement that I am not otherwise entitled to receive, I hereby and forever completely release, waive and discharge the Company and all of its current and former directors, officers, employees, stockholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns (collectively, the "***Released Parties***") from and against any and all claims, demands, damages, causes of action, liabilities and obligations, both known and unknown, if any, of every type and character, whether at law, in equity, or administrative, that I may have, do have, or hereafter acquire, against any of the Released Parties that arise out of, or are in any way related to, events, acts, conduct, or omissions occurring prior to the time that I sign this Release and Waiver (collectively, the "***Released Claims***"). The Released Claims include, but are not limited to: (a) all claims arising out of or in any way related to my employment with the Company, or the termination of that employment; (b) all claims related to my compensation or benefits from the Company including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (c) all claims for breach of oral or written, express or implied, contract, including claims under any employment agreement or offer letter, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, misclassification, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (the "***ADEA***"), the Texas Labor Code, and the Texas Fair Employment and Housing Act (as amended). Notwithstanding the foregoing, the following are not included in the Released Claims (the "***Excluded Claims***"): (a) any rights or claims for indemnification I may have pursuant to the charter or bylaws of the Company or under applicable law; (b) any rights or claims to unemployment compensation or any pending workers' compensation claim (however I acknowledge that I have no unfiled workers' compensation claim or unreported injury), any vested rights to benefits that I have under any benefit plan of the Company whether or not governed by the Employee Retirement Income Security Act of 1974, as amended, or any vested equity incentives; (c) any rights that are not waivable as a matter of law; or (d) the rights to the Severance Payments and COBRA Coverage as provided under the terms of the Employment Agreement. I hereby represent and warrant that, other than the Excluded Claims, I am not aware of any claims I have or might have against any of the Released Parties that are not included in the Released Claims. To the extent any claim is not waivable by law, I assign any such claims to the Company and understand and acknowledge that the Company has no obligation to pursue such claims.

This Release and Waiver is intended to be as broad as permissible under applicable law

I agree not to file a lawsuit to assert any such released claims and I agree not to accept any monetary damages or other personal relief (including legal or equitable relief) in connection with any administrative claim or lawsuit filed by any person or entity or governmental agency.

I acknowledge that, among other rights, I am waiving and releasing any rights I may have under ADEA, that this Release and Waiver is knowing and voluntary, and that the consideration given for this Release and Waiver is in addition to anything of value to which I was already entitled as an executive of the Company. I further acknowledge that I have been advised, as required by the Older Workers Benefit Protection Act, that: (a) the release and waiver granted herein does not relate to claims under the ADEA which may arise after this Release and Waiver is executed; (b) I should consult with an attorney prior to executing this Release and Waiver; and (c) if I am age 40 or older at the time of execution of this release, I have at least 21 days (and may have 45 days) from the date of termination of my employment with the Company in which to consider this Release and Waiver (although I may choose voluntarily to execute this Release and Waiver earlier); and (d) if I am age 40 or older at the time of execution of this release, I have seven days following the execution of this Release and Waiver to revoke my execution of this Release and Waiver.

Any notice of revocation should be sent by a method of delivery, which provides a receipt of delivery and should be addressed to the Company's Chief Executive Officer at the principal business office of the Company.

I acknowledge that neither this Release and Waiver nor any other agreement or policy of the Company prevents me from providing information to or filing a report, charge, or complaint, including a challenge to the validity of Release and Waiver, with the Equal Employment Opportunity Commission, Department of Labor, National Labor Relations Board, Securities and Exchange Commission ("SEC") or any other governmental agency, or from participating in any investigation or proceeding conducted by any governmental agency. This Release and Waiver does not impose any condition precedent (such as prior notice to the Company), any penalty, or any other restriction or limitation adversely affecting my rights regarding any governmental agency disclosure, report, claim, or investigation. **I hereby waive any right to recover any monetary relief or other personal remedies in any governmental agency or other action brought against the Company on my behalf. However, this Release and Waiver does not limit or waive my right to receive an award for information provided under any SEC program.**

I agree not to disparage the Company and its officers, directors, employees, shareholders and/or agents, in any manner likely to be harmful to them or their business, business reputations or personal reputations; provided that I may respond accurately and fully to any question, inquiry or request for information when required by legal process (e.g., a valid subpoena or other similar compulsion of law) or as part of a government investigation.

I acknowledge my continuing obligations under my Proprietary Information and Inventions Agreement. Pursuant to the Proprietary Information and Inventions Agreement I understand that among other things, I must not use or disclose any confidential or proprietary information of the Company and I must immediately return all Company property and documents (including all embodiments of proprietary information) and all copies thereof in my possession or control. I understand and agree that my right to the Severance Payments and COBRA Coverage as provided under the terms of the Employment Agreement that I am receiving in exchange for my agreement to the terms of this Release and Waiver is contingent upon my continued compliance with my Proprietary Information and Inventions Agreement.

I acknowledge that I am not relying on any promise or representation by the Company that is not expressly stated herein or in the Employment Agreement.

I acknowledge that delivery of an executed signature page to this Release and Waiver by facsimile or in electronic (i.e., "pdf" or "tiff") format shall be effective as delivery of an executed original of this Release and Waiver.

MY SIGNATURE BELOW MEANS THAT I HAVE READ THIS RELEASE AND WAIVER AND AGREE AND CONSENT TO ALL THE TERMS AND CONDITIONS CONTAINED HEREIN.

Date:

By: _____

Jason D. Davis

Exhibit 10.3

FIBROBIOLOGICS, INC.

CONSULTING AGREEMENT

This Consulting Agreement, along with its exhibits and Statements of Work (collectively, the "**Agreement**"), effective as of May 15, 2025 (the "**Effective Date**") is between Robert E. Hoffman, with an address of *** (the "**Consultant**"), and FibroBiologics, Inc., a Delaware corporation, with offices located at 455 E. Medical Center Blvd., Suite 300, Houston, Texas 77598 (the "**Company**") (each herein referred to individually as a "**Party**," or collectively as the "**Parties**").

The Company desires to retain Consultant as an independent contractor to perform consulting services for the Company, and Consultant is willing to perform such services, on the terms described below. In consideration of the mutual promises contained herein, the Parties agree as follows:

1. **Services**.

(c) Performance. Consultant shall perform for the Company the services (the "**Services**") described in the statement of work set forth as Exhibit A attached hereto (as amended or supplemented from time to time, the "**Statement of Work**"). Unless expressly otherwise stated in the relevant Statement of Work, the Company may instruct Consultant with respect to the elements of, the results to be derived from, the timing of and the location of performance of, the Services. Consultant shall comply with any such instructions provided by the Company. If any services, functions or responsibilities not specifically described in this Agreement are reasonably required for the proper performance and provision of the Services, they shall be deemed to be implied by and included within the scope of the Services to the same extent and in the same manner as if specifically described in this Agreement.

(d) Standards. Consultant shall provide the Services in a proper, timely and efficient manner in accordance with this Agreement using that standard of care and skill that would reasonably be expected of an experienced provider of services similar to the Services. Consultant shall keep the Company informed of all matters in relation to the provision of the Services and shall meet with the Company on a regular basis and as reasonably requested by the Company, to keep the Company up to date on the progress of the Services. Consultant shall ensure that it has adequate and all necessary information, skills, personnel and resources to deliver the Services in compliance with this Agreement.

(e) Consultant Personnel. Consultant shall not use any third parties who are not its employees to perform any Services without in each case, the prior written consent of the Company, which may be withheld or conditioned in the Company's sole discretion. Consultant shall ensure that all employees and any permitted contractors (collectively, the "**Personnel**") it assigns to perform the Services are at all times competent and properly trained and qualified to perform the Services. Consultant shall be liable for all acts and omissions of its Personnel with

respect to the performance of the Services, and shall ensure that its Personnel comply with all applicable terms and conditions of this Agreement.

(f) Company Affiliates. The Company may in writing direct Consultant to perform certain Services for any Company affiliates. Consultant shall perform any such Services to such affiliates in accordance with the terms and conditions of this Agreement. Consultant's provision of such Services to such affiliates and each affiliate's receipt of such Services shall be governed by the terms and conditions of this Agreement. The term "affiliate" has the meaning set forth in Rule 12b-2 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

2. **Payment**.

(c) Fixed Fees. Except as otherwise expressly provided under a Statement of Work, the fees payable by the Company to Consultant as expressly set forth in a Statement of Work are the only amounts Consultant is entitled to invoice and recover from Company for the performance of its obligations under a Statement of Work and include all fees, charges, costs or expenses that are incurred by Consultant, including amounts in connection with third party resources, equipment, software, travel, lodging, transportation or any additional or unforeseen costs incurred by Consultant.

(d) Expenses. If a Statement of Work specifies that the Services shall be performed by Consultant on a time and materials basis, or if the Company otherwise specifically and expressly agrees to reimburse Consultant for expenses in such Statement of Work, the Company shall only be required to reimburse Consultant at cost (with no markup) for Consultant's pre-approved out-of-pocket expenses which are reasonable and necessary for Consultant to incur in furtherance of its performance under the Statement of Work. All such expenses shall be subject to any Company policies included the Statement of Work. Under no other circumstances shall the Company be required to reimburse Consultant for any costs or expenses incurred by Consultant.

(e) Payment Terms. Unless otherwise set forth in a Statement of Work, Consultant shall invoice the Company, or its designee, in U.S. dollars and shall ensure that each invoice submitted to the Company, or its designee, is addressed in accordance with the requirements, is issued in accordance with the procedure (including as to the time for submitting invoices) and contains the information, specified in the relevant Statement of Work, and all other information that will enable the Company, or its designee, to verify the invoice. Consultant shall not invoice the Company, or its designee, (and the Company, or its designee, does not have to pay) for any amounts that are not invoiced in accordance with the requirements in this Section 2 within one (1) month from the end of the month in which the Services to which those amounts correspond were performed unless a different invoicing period is specified in the relevant Statement of Work or the Service is provided as part of a project which extends for more than one (1) month and for which there is no interim billing. If an invoice meets the requirements in this Section 2 and the Company, or its designee, does not dispute that invoice in good faith, the Company shall pay the undisputed portion of that invoice within thirty (30) days after the date on which the invoice is received by the Company, or its designee. In the event that the Company, or its designee, disputes any invoice, the Company, or its designee, shall provide Consultant with notice of such dispute, and the Parties shall work together in good faith to resolve the dispute.

(f) Taxes. Consultant shall report as income all compensation received by Consultant under this Agreement, and Consultant shall pay all self-employment and other federal, state and local taxes applicable to the operation of Consultant's business. Consultant shall be fully responsible for applicable withholding taxes for all compensation paid to Consultant and its Personnel under this Agreement, and for compliance with all applicable labor and employment requirements with respect to Consultant's self-employment, sole proprietorship or other form of business organization, and Consultant's Personnel, including state worker's compensation insurance coverage requirements and any U.S. immigration visa requirements.

3. **Term and Termination**.

(c) Term. This Agreement shall commence on the Effective Date and shall expire upon the later of, the one year anniversary of the Effective Date or the date the last Statement of Work expires or is terminated (the "**Term**"), unless terminated earlier in accordance with this Section 3.

(d) Termination for Cause. The Company may immediately terminate this Agreement or any Statement of Work by providing Consultant with written notice if Consultant commits a breach of this Agreement or any Statement of Work which is incapable of cure, or if Consultant commits a breach of this Agreement or any Statement of Work which is capable of cure and the breach remains uncured by Consultant after thirty (30) days of the Company's written notice of such breach to Consultant.

(e) Termination for Convenience. The Company may immediately terminate this Agreement or any Statement of Work without cause by giving (30) days' prior written notice to Consultant, provided that Consultant shall be paid by the Company for any undisputed portion of the Services performed in accordance with this Agreement up to the date of termination.

(f) Termination for Insolvency. Either Party may terminate this Agreement in its entirety upon written notice to the other Party as of the date specified in such termination notice if such other Party becomes insolvent, makes a general assignment for the benefit of creditors, files a voluntary petition of bankruptcy, suffers or permits the appointment of a receiver for its business or assets, becomes subject to any proceeding under any bankruptcy or insolvency laws, whether domestic or foreign, or is wound-up, dissolved or liquidated, voluntarily or otherwise. Upon the occurrence of any of the above events, the Party experiencing such event shall give immediate notice to the other Party.

(g) Effect of Termination or Expiration. At the Company's option and request, Consultant shall destroy or return, any and all Confidential Information (as defined below) in Consultant's possession or control, and deliver and transfer all Inventions (as defined below) to the Company or the Company's designee in a form and manner reasonably requested by the Company.

(h) Survival. Sections 2(d), 3, 5, 6, 7, 8(a), 9, 10 and 12 shall survive termination or expiration of this Agreement for any reason.

4. **Conflicts**.

(c) Consultant shall ensure that its performance of the Services under this Agreement does not and shall not result in Consultant breaching any obligation that Consultant owes to any third party. If Consultant desires to enter into a relationship with a third party that may conflict with Consultant's relationship with or obligations to the Company, Consultant shall first inform the Company of such proposed relationship and shall not enter into such relationship unless and until the Company has approved of such relationship in writing. Any such approval may be conditioned or withheld by the Company in its reasonable discretion.

(d) Consultant shall ensure that none of its Personnel who have access to Confidential Information does or will provide services to any third party that derives a material portion of its revenue from a business that is substantially similar to the Company's business during the time they have access to Confidential Information and for six (6) months after such access ends. Consultant shall take such steps as are necessary to prevent Confidential Information from being disclosed to any Personnel performing services on behalf of any such third party.

(e) Consultant shall not disclose to the Company or use or incorporate into any Service or deliverable provided to the Company, any Intellectual Property (as defined below) or other information of third parties which Consultant does not have the right to disclose and which Company is not free to use without liability of any kind.

5. **Confidential Information**.

(c) Definition. "**Confidential Information**" means any information that is disclosed by or on behalf of the Company in connection with this Agreement, whether directly or indirectly, in writing, orally or by drawings or inspection of premises, parts, equipment, or other property of Company, its affiliates or subsidiaries, which is either: (i) conspicuously marked or otherwise identified as confidential or proprietary at the time of disclosure; or (ii) should reasonably be understood by Consultant to be confidential based upon the nature of the information disclosed or the circumstances of the disclosure. Confidential Information includes: (i) the existence and terms of this Agreement; (ii) any information that relates to the actual or anticipated business and/or products, services, research or development of the Company, its affiliates or subsidiaries or to their technical data, trade secrets, or know-how, including research, product plans, or other information, customer lists and customers (including customers of the Company on whom Consultant called or with whom Consultant became acquainted during the Term), software, developments, inventions, structures, models, techniques, processes, samples, compositions, compounds, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances, and other business information; and (iii) the existence of any dispute arising under this Agreement and the terms and facts of such dispute, including any settlement amounts. Confidential Information shall not include any such information which Consultant can establish, by providing competent tangible proof: (i) was already known by Consultant on a non-confidential basis at the time of disclosure by or on behalf of the Company; (ii) was in the public domain prior to the time of its disclosure under this Agreement or subsequently enters the public domain other than as the result of a breach of this Agreement by Consultant; (iii) is subsequently disclosed to Consultant on a non-confidential basis from a source that is not known to Consultant to be bound by any contractual or other obligation of confidentiality

to the Company or to any other person with respect to any such information; or (iv) was independently developed by Personnel of Consultant without use of the Company's Confidential Information.

(d) No Disclosure. During and after the Term, Consultant shall: (i) hold in the strictest confidence, and take all reasonable precautions and steps to prevent any unauthorized use or disclosure of Confidential Information, with at least the same degree of care and precaution that it takes to protect its own confidential information; and (ii) restrict access to Confidential Information to those of its Personnel with a need for access to such Confidential Information for Consultant to perform its obligations under this Agreement, provided that such Personnel are bound by obligations of confidentiality no less protective than the terms of this Agreement. Consultant shall not: (i) use the Confidential Information for any purpose whatsoever other than as necessary for the performance of the Services; nor (ii) disclose the Confidential Information to any third party.

(e) Security. Consultant shall receive, transmit and store Confidential Information in a secure manner. Consultant shall not store such information on servers accessible to any person not bound by obligations of confidentiality under this Agreement.

(f) Mandatory Disclosures. If Consultant receives a subpoena or other validly issued administrative or judicial process requesting Confidential Information or becomes aware of a request for information under any applicable law that may result in the disclosure of any Confidential Information under this Agreement, including disclosure of any parts of the Agreement, Consultant shall, to the extent legally permissible, promptly notify the Company, and provide reasonable assistance to the Company to enable the Company to (at the Company's own cost and expense) object to, oppose, quash or otherwise limit the subpoena, process or disclosure.

(g) Publications. Any presentations, handouts, visual aids, scripts or other materials relating to the Company that Consultant prepares or uses in connection with the Services shall be Company Confidential Information. To the extent Consultant desires to use any such materials for any academic presentations or publications, Consultant may only do so if the publications and content of the presentations, as applicable, have been reviewed and approved in writing by the Company in advance. Consultant shall furnish copies of any such proposed publications or content of such proposed presentations to the Company for review and comment at least thirty (30) days in advance of the submission of such proposed publication or date of the presentation. Consultant shall incorporate all feedback provided by the Company and submit the revised publications or presentations for the Company's review and approval in accordance with the process described in this Section 5(e). Any publications or presentations published or made by Consultant shall include any written acknowledgement requested by the Company. Any other acknowledgements or references to the Company or any Company Personnel shall be subject to the Company's prior approval.

6. **Intellectual Property**.

(c) Definitions. (i) "**Background Material**" of a Party means any works of authorship or other tangible materials developed by such Party prior to the Effective Date or outside the scope of such Party's activities under this Agreement, and all Intellectual Property

rights therein. Consultant's Background Material does not include any works of authorship or other tangible materials that are developed, discovered, invented or conceived of using any Confidential Information. (ii) "**Intellectual Property**" means (A) copyrights and copyright applications or registrations, including any renewals; (B) trademarks, service marks, trade names, and applications or registrations for any of the foregoing; (C) trade secrets or any data or information which provides value or a competitive advantage to its holder by not being publicly known; (D) patents, patent applications, continuations, divisionals, reexaminations, reissues, continuations-in-part, and foreign equivalents of the foregoing; and (E) any other proprietary rights in any jurisdiction in the world. (iii) "**Inventions**" means any and all discoveries, concepts and ideas created, conceived, discovered, made, developed or reduced to practice by or on behalf of Consultant, whether alone or jointly with the Company or others, during the performance of its obligations under this Agreement, including by the use of Confidential Information or Company Background Material, whether patentable or not, in any stage of completion, including any processes, methods, formulas, compositions, techniques, articles, and machines, as well as improvements thereof or know-how related thereto or relating to Company's business, including actual or anticipated research and development of Company, and all Intellectual Property rights in any of the foregoing.

(d) Background Material. Each Party shall remain the sole and exclusive owner of all right, title and interest in and to its Background Material. Neither Party acquires any rights to any of the other Party's Background Material under this Agreement except that Consultant hereby grants and agrees to grant to the Company a worldwide, non-exclusive, perpetual, irrevocable, assignable, sublicensable (on multiple levels), royalty-free and fully paid-up right to use, copy, modify, distribute, display, perform, prepare derivative works of, make, have made, import, supply, sell and offer for sale any of Consultant's Background Material that is disclosed, delivered or otherwise made available to the Company in connection with this Agreement, for the sole purpose of using the Services or Inventions.

(e) Ownership of Inventions. The Company shall be the sole and exclusive owner of all right, title and interest in and to any and all Inventions. The Inventions shall be deemed a "work made for hire", as defined in Title 17 of the United States Code, or to the fullest extent permitted by any other applicable law, and all right, title and interest in and to the Inventions shall fully vest in the Company by operation of law. To the extent all right, title and interest in or to all or any portion of the Inventions does not fully vest in the Company pursuant to the preceding sentence, Consultant hereby does and agrees to irrevocably transfer, grant, convey and assign to the Company all right, title and interest in and to the Inventions. Consultant shall not challenge the validity of the Company's ownership in the Inventions or any Intellectual Property rights embodied in the Inventions. To the extent Consultant has any rights to the Inventions that cannot be assigned to the Company, Consultant unconditionally and irrevocably waives the enforcement of such rights and all claims and causes of action of any kind against the Company with respect to such rights, and shall, at the Company's request and expense, consent to join in any action to enforce such rights. In accordance with the relevant Statement of Work or upon the Company's request from time to time, Consultant shall promptly deliver to the Company all Inventions in Consultant's possession or control.

(f) Reservation. Consultant retains no right, title or interest in or to the Inventions except for that so long as Consultant is complying with the terms of this Agreement, the Company hereby grants to Consultant a non-exclusive, revocable, non-assignable,

non-sublicensable right to use the Inventions for the sole purpose of performing the Services during the Term. Except as expressly set forth in this Section 6(d), nothing in this Agreement shall be deemed to be or construed as a license or transfer of any right, title or interest in or to any Intellectual Property rights of the Company.

(g) Cooperation. Consultant shall cooperate with and take all such actions reasonably required by the Company during and after the Term, in the Company's prosecution, maintenance and enforcement of its rights in the Inventions in any jurisdiction, including the execution, verification and delivery of any documents and performance of any other acts (including appearances as a witness) deemed necessary by the Company. If the Company is unable for any reason to secure Consultant's signature on any document needed in connection with the actions specified in this Section 6, Consultant hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as its agent and attorney in fact, to act for and on its behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section 6 with the same legal force and effect as if executed by Consultant.

7. **Representations and Warranties**.

(c) Mutual Representations and Warranties. Each Party represents and warrants to the other Party that: (i) it has all requisite corporate power and authority (or if Consultant is not a corporation, Consultant represents and warrants that it has sufficient power and authority under its organizational documents or agreements, if applicable) to enter into this Agreement and to carry out the transactions contemplated under this Agreement; (ii) the execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated under this Agreement have been duly authorized by all requisite corporate (or, as applicable, other entity) action on the part of such Party; and (iii) this Agreement has been duly executed and delivered by such Party and (assuming the due authorization, execution and delivery by the other Party) is a valid and binding obligation of such Party and enforceable against it in accordance with its provisions, as limited by applicable bankruptcy, insolvency and other laws of general application affecting enforcement of creditors' rights generally.

(d) Consultant Representations and Warranties. Consultant represents and warrants that: (i) Consultant has the skills, expertise, knowledge, authority, ability and experience necessary to perform the Services; (ii) Consultant has and shall obtain all necessary and adequate licenses, approvals, permits, assignments and consents (as applicable) to enter into this Agreement and to perform its obligations and provide all assignments, licenses and other rights to the Company as contemplated under this Agreement, including obtaining any necessary assignments of Intellectual Property rights from any relevant Consultant Personnel or third parties to give effect to any licenses or assignments of Intellectual Property rights to the Company as contemplated under this Agreement; (iii) Consultant's performance of Services pursuant to this Agreement does not violate any applicable laws, statutes, rules and regulations, including the federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b), the federal False Claims Act (31 U.S.C. § 3729, et seq.), and the federal Civil Monetary Penalties Law (42 U.S.C. § 1320a-7a), and any and all state equivalents to these laws; (iv) Consultant is not under investigation and has not been convicted or found civilly liable for violating any laws applicable to Consultant; (v) Consultant does not have any actual or potential personal or professional conflicts of interest that affect Consultant's ability to perform

Services; and (vi) the Inventions and Services, the Company's receipt or use of the Inventions and Services in accordance with this Agreement, and Consultant's entry into and performance of this Agreement, shall not infringe or misappropriate any third party's rights, including any Intellectual Property rights or rights of confidentiality or privacy of a third party in the performance of the Services.

8. **Compliance**.

(c) Records and Audit. Consultant shall maintain, during the Term and one (1) year thereafter, all documents and records in sufficient detail to allow the Company to determine Consultant's compliance with this Agreement. During the Term, Consultant shall permit one (1) audit annually by the Company or its designee to inspect and examine Consultant's premises, accounts, documents, IT systems and records to verify such compliance.

(d) Sunshine and Other Transparency Laws. Should any Services performed under this Agreement or any Statement of Work involve, directly or indirectly, the payment or transfer of value to any individual licensed to dispense or prescribe medical treatment, drugs, or devices or otherwise categorized as a Healthcare Practitioner under the U.S. Physician Payments Sunshine Act (§ 6002 of the Patient Protection and Affordable Care Act) or any state law analogues, as necessary, the Company may report, in its sole discretion, such payments or transfers of value. Consultant acknowledges, agrees and consents to the Company disclosing such payments or transfers of value to Consultant pursuant to this Agreement (including fees and expenses paid by the Company for work performed by Consultant under this Agreement) to the extent the Company determines (in its sole discretion) that the disclosure thereof is required by applicable law, regulation or Company policy.

9. **Limitation of Liability**.

(c) No Liability. IN NO EVENT SHALL THE COMPANY OR ITS AFFILIATES, OR THEIR PERSONNEL, PRINCIPALS, TRUSTEES, OFFICERS OR CUSTOMERS BE LIABLE TO CONSULTANT FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES, OR ANY LOSS OF BUSINESS, LOSS OF PROFITS OR REVENUE, BUSINESS INTERRUPTION, LOSS OF GOODWILL OR REPUTATION OR LOSS OF EXPECTATION, WHETHER OR NOT THE COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(d) Liability Cap. To the extent the Company's liability has not already been excluded under Section 9(a), the Company's maximum aggregate potential liability to Consultant under this Agreement shall be limited to the amount paid or payable by the Company to Consultant under this Agreement in the six (6) month period immediately preceding the occurrence of the applicable event giving rise to the relevant claim.

10. **Indemnification**. Consultant shall indemnify, defend and hold the Company and any of its directors, officers, affiliates, and Personnel harmless from and against any claims, demands, actions, proceedings, or losses, liabilities, damages and all related costs and expenses (including reasonable legal fees and reasonable costs of investigation, litigation, settlement, judgment, appeal, interest and penalties) suffered or incurred by any of them arising out of or in

connection with: (a) any gross negligence or intentional misconduct of Consultant; (b) any breach of this Agreement by Consultant or failure to fully and properly perform Consultant's obligations under this Agreement; or (c) any withholding taxes, labor or employment requirements, including any liability for, or assessment of, withholding taxes imposed on the Company by the relevant taxing authorities with respect to any compensation paid to Consultant or Consultant's Personnel.

11. **Insurance**. Consultant shall, at Consultant's sole expense and to the extent customary in view of the Services provided by Consultant, obtain insurance covering such risks and with such coverage limits as are reasonable and customary in view of the Services to be rendered and the risks associated with the Services, including, if appropriate, malpractice insurance and general liability insurance. The Company reserves the right to require Consultant to obtain additional insurance coverage if it reasonably appears to the Company that Consultant's coverage is inadequate to cover the risks associated with the Services. The Company also reserves the right to require that the Company be named as an additional insured on Consultant's liability insurance policy. In addition, Statements of Work may set forth certain insurance requirements; Consultant shall comply with any such insurance requirements during the term of the relevant Statement of Work.

12. **Miscellaneous**.

(c) No Minimum Volume or Exclusivity. The Company shall not be obligated to purchase a minimum volume of Services from Consultant, and there are no minimum fees or other minimum amounts payable by the Company to Consultant, under this Agreement. Any commitments made by the Company in this Agreement are non-exclusive and nothing in this Agreement shall preclude the Company from obtaining any services from a third party, or performing any services itself or jointly with a third party.

(d) Amendments and Waivers. This Agreement may only be amended with the written consent of the Parties. No waiver of any term, provision or condition of this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such term, provision or condition, or of any other term, provision or condition of this Agreement.

(e) Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all oral negotiations and prior writings or understandings. To the extent the terms and conditions in a Statement of Work conflict with this Agreement, the terms and conditions of this Agreement shall govern to the extent of that conflict. If additional obligations are set forth in a Statement of Work, such additional obligations shall not be deemed a conflict.

(f) Notices. Any notice or other communication required or permitted by this Agreement shall be in writing and shall be deemed given (i) upon receipt, when delivered personally, (ii) upon delivery, if sent to the recipient by a reputable courier or overnight delivery service, (iii) upon receipt, if mailed by certified or registered mail (airmail if sent internationally), return receipt requested, with postage prepaid, or (iv) when received, as documented with confirmation of successful receipt if sent via email or facsimile, if, in each case, such notice or communication is

addressed to the Party to be notified at such party's address as set forth above or in the signature block below, or as subsequently modified by written notice.

(g) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California, without giving effect to the principles of conflict of laws. In any dispute between the Parties arising out of or relating to this Agreement: (i) each Party irrevocably and unconditionally consents and submits to the exclusive jurisdiction and venue of the state and federal courts located in the State of California, (ii) if any action is commenced in state court, then, subject to applicable law, no Party shall object to the removal of such action to any federal court located in the Northern District of California, (iii) each Party irrevocably waives the right to trial by jury, and (iv) each Party irrevocably consents to service of process by first class certified mail, return receipt requested, postage prepaid.

(h) Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the Parties agree to renegotiate such provision in good faith. In the event that the Parties cannot reach a mutually agreeable and enforceable replacement for such provision, then: (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded, and (iii) the balance of the Agreement shall be enforceable in accordance with its terms. All rights conferred under this Agreement or by any other instrument or law shall be cumulative and may be exercised singularly or concurrently.

(i) Irreparable Harm. Consultant acknowledges that any actual or threatened breach of its obligations under this Agreement would result in irreparable injury to the Company and there is no adequate remedy at law for any breach of its obligations under this Agreement and that upon any such breach or any threat of breach of such obligations by Consultant, the Company shall be entitled to appropriate equitable relief, including injunctive relief, to prevent or mitigate such irreparable harm to the Company. Consultant hereby waives any requirement that the Company obtain a bond or post any other security as a condition precedent to such equitable relief.

(j) Interpretation. In this Agreement: (i) any headings are for reference purposes only and shall not be used in the construction and interpretation of this Agreement; (ii) the singular includes the plural, and vice versa; (iii) "includes", "including", "such as" and similar terms are not words of limitation; (iv) a person includes a natural person, partnership, joint venture, corporation or other entity; (v) a thing (including a right) includes a part of that thing; (vi) a section, term, schedule, exhibit or attachment is a reference to a section, term of, or schedule, exhibit or attachment to this Agreement; (vii) an agreement other than this Agreement includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and (viii) a monetary amount is in U.S. dollars.

(k) Relationship. Consultant's relationship with the Company shall be that of an independent contractor, and this Agreement does not create any other relationship, whether partnership, joint venture, employer-employee or otherwise. Consultant is not authorized to act on behalf of the Company and shall not represent to any third party that Consultant is authorized to act on behalf of the Company. Neither Consultant, nor any of Consultant's Personnel, has any authority, whether actual, express, implied or apparent, to bind the Company or otherwise create obligations on the part of the Company in any capacity. Neither Consultant nor any of Consultant's

Personnel shall be considered employees of the Company and therefore shall not be eligible for any Company employee benefits plans as a result of this Agreement.

(l) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(m) Assignment. Consultant shall not assign any rights or delegate any obligations under this Agreement without the prior written consent of the Company. The Company may assign this Agreement to an affiliate or any third party. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

(n) Advice of Counsel. EACH PARTY ACKNOWLEDGES THAT, IN EXECUTING THIS AGREEMENT, SUCH PARTY HAS HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL AND HAS READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT SHALL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION HEREOF.

[Signature Page Follows]

The Parties have executed this Agreement on the respective dates set forth below.

FibroBiologics, Inc.:

__/s/ Ruben Garcia_____
By: Ruben Garcia

Title: General Counsel

Address: 455 E. Medical Center Blvd.
Suite 300
Houston, Texas 77598

Attention: Legal Department
***

Date: 5/15/2025

Consultant:

_Robert E. Hoffman_____
Consultant Name (PRINT)

/s/ Robert E. Hoffman
Signature

Title

Address: ******

Date: 5/15/2025

EXHIBIT A

STATEMENT OF WORK to
CONSULTING AGREEMENT between
Robert E. Hoffman and FibroBiologics, Inc.

This Statement of Work (the "**SOW**") is effective as of May 15, 2025 ("**SOW Effective Date**") and is entered into pursuant to the Consulting Agreement (the "**Agreement**") between FibroBiologics, Inc. (the "**Company**") and Robert E. Hoffman (the "**Consultant**"), effective May 15, 2025. Any capitalized term not defined in this SOW shall have the meaning given to it in the Agreement.

1. Services. The Services provided by Consultant to the Company under this SOW shall consist of the following:

- Assist the Company's Chief Executive Officer and his delegates with finance and accounting matters, including capital raising activities.

2. Payment. The Company (or its designee) shall pay Consultant for the Services under this SOW as follows:

$*** per hour.

3. Invoices. Consultant shall submit to the Company (or its designee) a written invoice within thirty (30) days of completing the Services in accordance with this SOW, and such invoice shall be subject to the approval of the Company (or its designee). Consultant shall ensure that any invoices it submits to the Company (or its designee) comply with Section 2 of the Agreement, provide a reasonably detailed description of the Services rendered, include adequate details to enable the Company (or its designee) to verify the amounts payable by the Company (or its designee) under the invoice, and are submitted to the address provided by the Company (or its designee).

4. Term and Termination. The term of this SOW shall commence on May 15, 2025 and shall terminate on August 15, 2025, provided, however, that the Company may terminate this SOW in accordance with the terms of the Agreement.

5. Incorporation by Reference; Conflict. The provisions of this SOW are hereby expressly incorporated by reference into and made a part of the Agreement. In the event of a conflict between the terms and conditions of this SOW and those of the Agreement, the terms of the Agreement shall take precedence and control over those of this SOW.

6. Expenses. Company (or its designee) will reimburse Consultant, pursuant to Company's Travel and Expense Policy for reasonable travel, lodging and out-of-pocket expenses incurred in connection with performance of the Services; provided, however that all travel will be according to guidelines established by Company.

7. Additional terms of, amendments to terms of and/or Company policies applicable to, the Consulting Agreement. (none, if not filled in or marked "None")

- None

IN WITNESS WHEREOF, the Parties have caused this SOW to be duly executed as of the SOW Effective Date above.

CONSULTANT **FibroBiologics, Inc.**

By: /s/ Robert E. Hoffman By: /s/ Ruben Garcia

Name: Robert E. Hoffman Name: Ruben Garcia

Title: General Counsel

Exhibit 31.1

CERTIFICATION

I, Pete O'Heeron, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2025 of FibroBiologics, Inc. (the "registrant");

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

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

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

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

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

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

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

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

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

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

Date: July 31, 2025

/s/ Pete O'Heeron
Pete O'Heeron
Chief Executive Officer
Principal Executive Officer

Exhibit 31.2

CERTIFICATION

I, Jason D. Davis, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2025 of FibroBiologics, Inc. (the "registrant");

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

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

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

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

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

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

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

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

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

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

Date: July 31, 2025

/s/ Jason D. Davis
Jason D. Davis
Chief Financial Officer
Principal Financial Officer

Exhibit 32.1

STATEMENT PURSUANT TO 18 U.S.C. SECTION 1350

With reference to the Quarterly Report of FibroBiologics, Inc. (the "Company"), on Form 10-Q for the period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Pete O'Heeron, Chief Executive Officer of the Company, and Jason D. Davis, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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 results of operations of the Company.

/s/ Pete O'Heeron
Pete O'Heeron
Chief Executive Officer

/s/ Jason D. Davis
Jason D. Davis
Chief Financial Officer

Date: July 31, 2025