

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

FORM 10-K/A

Amendment Number 1

(Mark One)

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

For the fiscal year ended December 31, 2023

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 001-38624

Vaccinex, Inc.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

1895 Mount Hope Avenue

Rochester, NY

(Address of principal executive offices)

16-1603202

(I.R.S. Employer
Identification No.)

14620

(Zip Code)

Registrant's telephone number, including area code: (585) 271-2700

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	VCNX	Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES NO

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

The aggregate market value of the Registrant's common stock, par value \$0.0001 per share, held by non-affiliates of the Registrant, as computed by reference to the June 30, 2023 closing price reported by Nasdaq, was approximately \$10,419,739.

Explanatory Note

Vaccinex, Inc. (the “Company”) is filing this Amendment No.1 on Form 10-K/A to its Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the “Original Filing”), which was filed with the Securities and Exchange Commission (“SEC”) on April 2, 2024, solely for the purpose of adding the conformed signature of Deloitte & Touche LLP to the Report of Independent Registered Public Accounting Firm (the “Audit Report”). The signed Audit Report was received by the Company prior to the Original Filing being filed with the SEC, but the conformed signature in the Audit Report was inadvertently omitted from the Original Filing.

Pursuant to Rule 12b-15 of the Securities Exchange Act of 1934, as amended, this Amendment No. 1 contains the complete text of Item 15. Exhibits, Financial Statement Schedules and certifications of the Company's Principal Executive Officer and Principal Financial Officer required under Items 302 and 906 of the Sarbanes-Oxley Act of 2002, as amended, dated as of the date of this Amendment.

Except as expressly set forth in this Amendment No. 1, no other changes have been made to the Original Filing, and this Form 10-K/A does not modify, amend or update in any way any of the financial or other information contained in the Original Filing. This Form 10-K/A does not reflect events that may have occurred subsequent to the filing date of the Original Filing.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Financial Statements

The financial statements listed in the accompanying index (page F-1) to the financial statements are filed as part of this Annual Report on Form 10-K.

(b) Exhibits

The following exhibits are filed with this Annual Report on Form 10-K or incorporated by reference herein:

Exhibit Number	Description
3.1	<u>Amended and Restated Certificate of Incorporation of Vaccinex, Inc. (incorporated herein by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K filed on August 13, 2018).</u>
3.2	<u>Amended and Restated Bylaws of Vaccinex, Inc. (incorporated herein by reference from Exhibit 3.2 to the Company's Current Report on Form 8-K filed on August 13, 2018).</u>
3.3	<u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Vaccinex, Inc., effective as of September 25, 2023 (incorporated herein by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K filed on September 22, 2023).</u>
3.4	<u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Vaccinex, Inc., effective as of February 19, 2024 (incorporated herein by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 15, 2024).</u>
3.5	<u>Certificate of Designation of Series A Preferred Stock (incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 1, 2023).</u>
4.1	<u>Description of Common Stock (incorporated herein by reference from Exhibit 4.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019).</u>
4.2	<u>Specimen Common Stock Certificate (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 filed on July 9, 2018).</u>
4.3	<u>Form of Pre-Funded Warrant (2023) (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 4, 2023).</u>
4.4	<u>Form of Common Stock Warrant (2023) (incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on October 4, 2023).</u>
4.5	<u>Form of Pre-Funded Warrant (February 2024) (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on February 7, 2024).</u>
4.6	<u>Form of Common Stock Warrant (February 2024) (incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on February 7, 2024).</u>
10.1	<u>First Amended and Restated Investor Rights Agreement, dated August 22, 2003, by and among the Company and the parties thereto (incorporated herein by reference for Exhibit 10.1 to the Company's Registration Statement on Form S-1 filed on July 9, 2018).</u>
10.2+	<u>Vaccinex, Inc. 2011 Employee Equity Plan (incorporated herein by reference from Exhibit 10.4 to the Company's Registration Statement on Form S-1 filed on July 9, 2018).</u>
10.3+	<u>May 15, 2014 Amendment to the Vaccinex, Inc. 2011 Employee Equity Plan (incorporated herein by reference from Exhibit 10.4(a) to the Company's Registration Statement on Form S-1 filed on August 8, 2018).</u>
10.4+	<u>Vaccinex, Inc. 2018 Omnibus Incentive Plan (incorporated herein by reference from Exhibit 10.6 to the Company's Registration Statement on Form S-1 filed on July 23, 2018).</u>

- 10.5+ [Form of Incentive Stock Option Agreement under the Vaccinex, Inc. 2018 Omnibus Incentive Plan \(incorporated herein by reference from Exhibit 10.7 to the Company's Registration Statement on Form S-1 filed on July 23, 2018\).](#)
- 10.6+ [Form of Non-Qualified Stock Option Agreement under the Vaccinex, Inc. 2018 Omnibus Incentive Plan \(incorporated herein by reference from Exhibit 10.8 to the Company's Registration Statement on Form S-1 filed on July 23, 2018\).](#)
- 10.7+ [Severance Pay Plan \(incorporated herein by reference from Exhibit 10.9 to the Company's Registration Statement on Form S-1 filed on July 9, 2018\).](#)
- 10.8+ [Director Compensation Program \(incorporated herein by reference from Exhibit 10.10 to the Company's Registration Statement on Form S-1 filed on July 23, 2018\).](#)
- 10.9+ [Form of Indemnification Agreement by and between the Company and each of its directors and officers \(incorporated herein by reference from Exhibit 10.11 to the Company's Registration Statement on Form S-1 filed on July 9, 2018\).](#)
- 10.10† [Exclusive License Agreement, dated December 29, 1998, by and between the Company and the University of Rochester \(incorporated herein by reference from Exhibit 10.12 to the Company's Registration Statement on Form S-1 filed on July 9, 2018\).](#)
- 10.11† [GPEX® Development and Manufacturing Agreement, dated January 13, 2010, by and between the Company and Catalent Pharma Solutions, LLC \(incorporated herein by reference from Exhibit 10.13 to the Company's Registration Statement on Form S-1 filed on July 9, 2018\).](#)
- 10.12† [GPEX® – Derived Cell Line Sale Agreement, dated January 13, 2010, by and between the Company and Catalent Pharma Solutions, LLC \(incorporated herein by reference from Exhibit 10.14 to the Company's Registration Statement on Form S-1 filed on July 9, 2018\).](#)
- 10.13† [Clinical Trial Collaboration and Supply Agreement, dated October 4, 2016, by and between the Company and Ares Trading S.A. \(incorporated herein by reference from Exhibit 10.16 to the Company's Registration Statement on Form S-1 filed on July 9, 2018\).](#)
- 10.14 [Open Market Sale AgreementSM by and between the Company and Jefferies, LLC, dated March 27, 2020 \(incorporated herein by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 27, 2020\).](#)
- 10.15 [Note by and between the Company and Five Star Bank, dated May 8, 2020 \(incorporated herein by reference from Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on May 14, 2020\).](#)
- 10.16 [Registration Rights Agreement by and between the Company and the Investors \(as defined therein\), dated as of January 31, 2022 \(incorporated herein by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 31, 2022\).](#)
- 10.17 [Registration Rights Agreement by and between the Company and the Investors \(as defined therein\), dated as of November 22, 2022 \(incorporated herein by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed on November 25, 2022\).](#)
- 10.18 [Registration Rights Agreement by and between the Company and the Investors, dated as of August 18, 2023 \(incorporated herein by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed on August 22, 2023\).](#)
- 10.19 [Registration Rights Agreement by and between the Company and the Investors, dated as of September 20, 2023 \(incorporated herein by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 22, 2023\).](#)
- 10.20 [Form of Securities Purchase Agreement, dated as of September 28, 2023 \(incorporated herein by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 4, 2023\).](#)
- 10.21 [Placement Agency Agreement, dated as of September 28, 2023, by and between Vaccinex, Inc. and A.G.P./Alliance Global Partners \(incorporated herein by reference from Exhibit 1.1 to the Company's Current Report on Form 8-K filed on October 4, 2023\).](#)
- 10.22 [Registration Rights Agreement by and between the Company and the Investors, dated as of February 7, 2024 \(incorporated herein by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 7, 2024\).](#)
- 10.23 [Securities Purchase Agreement by and between the Company and the Investors, dated as of February 6, 2024 \(incorporated herein by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 7, 2024\).](#)
- 23.1* [Consent of Deloitte & Touche LLP](#)

- 31.1* [Certification of Principal Executive Officer Pursuant to Rules 13a-14\(a\) and 15d-14\(a\) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2* [Certification of Principal Financial Officer Pursuant to Rules 13a-14\(a\) and 15d-14\(a\) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1* [Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 97* [Policy for the Recovery of Erroneously Awarded Compensation](#)
- 101.INS Inline XBRL Instance Document
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 The cover page for the Company's Annual Report on Form 10-K for the year ended December 31, 2023 has been formatted in Inline XBRL and contained in Exhibit 101

* Filed or furnished herewith, as applicable.

+ Management contract.

† The Company was granted confidential treatment for certain information contained in this exhibit. Such information was filed separately with the Securities and Exchange Commission.

INDEX TO FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Vaccinex, Inc.:

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Vaccinex, Inc. (the “Company”) as of December 31, 2023 and 2022, the related statements of operations and comprehensive loss, stockholders’ equity (deficit), and cash flows, for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses and negative cash flows from operations that raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the US federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Classification of warrant liability—Refer to Notes 2 and 9 to the financial statements

Critical Audit Matter Description

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant’s specific terms. Liability-classified warrants are recorded at their fair value and are subject to subsequent remeasurement at each balance sheet date until the warrants are exercised or expired, and any change in fair value is recognized in the Company’s statements of operations and comprehensive loss. On October 3, 2023, the Company sold warrants in a public offering to purchase up to 542,857 shares of common stock (the “public warrants”), which was accounted for as a liability.

We identified the assessment of the balance sheet classification of the public warrants issued during the year as a critical audit matter. The accounting requirements related to the classification of financial instruments as liabilities or equity are complex, which required a high degree of auditor judgment to analyze the terms and provisions of the warrant agreements, including the need to involve accounting specialists. Variation in the interpretation of terms and conditions in the public warrant agreements could result in the instruments being classified within stockholders’ equity, which would also impact the statement of operations and comprehensive loss.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the classification of the public warrants issued on October 3, 2023, included the following, among others:

- We obtained an understanding of the design of controls over management's process for assessing the accounting considerations for the issuance of the public warrants.
- With the assistance of accounting specialists, we performed audit procedures that included, among others, assessing the Company's accounting memorandum, including the application of relevant accounting guidance, and read the relevant documents and agreements and compared the terms and provisions therein to the Company's accounting documentation.
- We evaluated the presentation of the public warrants in the financial statements and the related footnote disclosure.

/s/ Deloitte & Touche LLP

Rochester, New York
April 1, 2024

We have served as the Company's auditor since 2014.

VACCINEX, INC.
Balance Sheets
(in thousands, except share and per share data)

	As of December 31, 2023	As of December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,535	\$ 6,391
Accounts receivable	961	175
Prepaid expenses and other current assets	853	912
Total current assets	3,349	7,478
Property and equipment, net	136	189
Operating lease right-of-use asset	146	310
TOTAL ASSETS	\$ 3,631	\$ 7,977
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,039	\$ 1,518
Accrued expenses	1,242	781
Deferred revenue	63	-
Current portion of long-term debt	75	74
Operating lease liability	146	164
Warrant liability	2,351	-
Total current liabilities	5,916	2,537
Long-term debt	26	101
Operating lease liability, net of current portion	-	146
TOTAL LIABILITIES	5,942	2,784
Commitments and contingencies (Note 6)		
Stockholders' equity (deficit):		
Common stock, par value of \$0.0001 per share; 100,000,000 shares authorized as of December 31, 2023, and December 31, 2022; 892,622 and 237,532 shares issued as of December 31, 2023 and December 31, 2022, respectively; 892,617 and 237,527 shares outstanding as of December 31, 2023 and December 31, 2022, respectively	-	-
Additional paid-in capital	337,627	324,880
Treasury stock, at cost; 5 shares of common stock as of December 31, 2023 and December 31, 2022, respectively	(11)	(11)
Accumulated deficit	(339,927)	(319,676)
TOTAL STOCKHOLDERS' EQUITY/(DEFICIT)	(2,311)	5,193
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,631	\$ 7,977

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

VACCINEX, INC.

Statements of Operations and Comprehensive Loss
(in thousands, except share and per share data)

	Year Ended December 31,	
	2023	2022
Revenue	\$ 570	\$ 275
Costs and expenses:		
Research and development	16,574	13,979
General and administrative	6,881	6,202
Total costs and expenses	23,455	20,181
Loss from operations	(22,885)	(19,906)
Interest expense	(1)	(2)
Financing costs - warrant liabilities	(383)	-
Change in fair value of warrant liabilities	2,106	-
Other income (expense), net	912	93
Loss before provision for income taxes	(20,251)	(19,815)
Provision for income taxes	-	-
Net loss attributable to Vaccinex, Inc. common stockholders	\$ (20,251)	\$ (19,815)
Comprehensive loss	\$ (20,251)	\$ (19,815)
Net loss per share attributable to Vaccinex, Inc. common stockholders, basic and diluted	\$ (43.68)	\$ (98.05)
Weighted-average shares used in computing net loss per share attributable to Vaccinex, Inc. common stockholders, basic and diluted	463,653	202,082

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

VACCINEX, INC.

Statements of Stockholders' Equity/(Deficit)
(in thousands, except share data)

	Common Stock			Treasury Stock		Accumulated Deficit	Total Stockholders' Equity/(Deficit)
	Shares	Amount	Additional Paid-in Capital	Common Stock Shares	Amount		
Balance as of January 1, 2022	146,676	\$ -	\$ 307,284	5	\$ (11)	\$ (299,861)	\$ 7,412
Issuance of common stock in private placement offerings	90,856	-	17,051	-	-	-	17,051
Stock-based compensation	-	-	545	-	-	-	545
Net loss	-	-	-	-	-	(19,815)	(19,815)
Balance as of December 31, 2022	237,532	-	324,880	5	(11)	(319,676)	5,193
Issuance of common stock in private placement offerings	94,087	-	6,024	-	-	-	6,024
Issuance of common stock and pre-funded warrants	542,857	-	4,971	-	-	-	4,971
Issuance of common stock	18,146	-	1,278	-	-	-	1,278
Stock-based compensation	-	-	474	-	-	-	474
Net loss	-	-	-	-	-	(20,251)	(20,251)
Balance as of December 31, 2023	892,622	\$ -	\$ 337,627	5	\$ (11)	\$ (339,927)	\$ (2,311)

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

VACCINEX, INC.

Statements of Cash Flows
(in thousands)

	Year Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (20,251)	\$ (19,815)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	119	207
Stock-based compensation	474	545
Change in fair value of warrant liability	2,106	-
Changes in operating assets and liabilities:		
Accounts receivable	(786)	(175)
Prepaid expenses and other current assets	59	(94)
Accounts payable	521	457
Accrued expenses	461	(199)
Deferred revenue	63	-
Net cash used in operating activities	<u>(17,234)</u>	<u>(19,074)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(67)	(99)
Net cash used in investing activities	<u>(67)</u>	<u>(99)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock, and pre-funded warrants	4,971	-
Proceeds from issuance of common stock	1,278	3,560
Proceeds from private offering of common stock	6,270	13,490
Payments of long-term debt	(74)	(75)
Net cash provided by financing activities	<u>12,445</u>	<u>16,975</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,856)	(2,198)
CASH AND CASH EQUIVALENTS—Beginning of period	6,391	8,589
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 1,535</u>	<u>\$ 6,391</u>

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

Notes to Financial Statements**1. COMPANY AND NATURE OF BUSINESS**

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

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

Going Concern

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

The Company has incurred significant losses and negative cash flows from operations since inception and expects to incur additional losses until such time that it can generate significant revenue from the commercialization of its product candidates. The Company had losses from operations of \$20.3 million and \$19.8 million and negative cash flows from operating activities of \$17.2 million and \$19.1 million for the years ended December 31, 2023 and 2022, respectively, and an accumulated deficit of \$339.9 million and \$319.7 million as of December 31, 2023 and 2022, respectively. Given the Company’s projected operating requirements and its existing cash and cash equivalents, the Company is projecting insufficient liquidity to sustain its operations and meet its obligations through one year following the date that the financial statements are issued. These conditions and events raise substantial doubt about the Company’s ability to continue as a going concern.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

These financial statements reflect the accounts and operations of the Company.

Notes to Financial Statements***Common Stock Reverse Split***

On September 25, 2023, the Company effected a 1-for-15 reverse stock split of its issued shares of common stock. On February 19, 2024, the Company effected a second reverse split of shares of the Company's common stock on a 1-for-14 basis. All per share amounts, common shares outstanding, warrants, and stock-based compensation amounts for all periods presented have been retroactively adjusted to reflect these reverse stock splits. The shares of common stock retain a par value of \$0.0001 per share.

Use of Estimates

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

Cash and Cash Equivalents

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

Concentration of Credit Risk, Other Risks and Uncertainties

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

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

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

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

Fair Value of Financial Instruments

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

Notes to Financial Statements

Financing Activities

During the year ended December 31, 2023 the Company completed private placements of our common stock and warrants to purchase shares of our common stock to various investors for gross proceeds of \$9.7 million.

On March 27, 2020, we announced that we had (i) entered into an open market sale agreement (the "Open Market Sale Agreement" or "ATM") with Jefferies, LLC ("Jefferies") and filed a prospectus supplement pursuant to which we were able to issue and sell up to \$11.5 million of shares of our common stock. In September 2020, we filed a replacement prospectus supplement related to the Open Market Sale Agreement pursuant to which we may sell up to \$113 million of shares of our common stock through Jefferies. On May 19, 2023, we filed a prospectus supplement under which we may offer and sell, from time to time, shares of our common stock having an aggregate offering price of up to \$4,391,000 through the Open Market Sale Agreement.

During the year ended December 31, 2023 the Company sold 3,409 shares of the Company's common stock, respectively, at a weighted average price of \$83.63 through the Open Market Sale Agreement, for total net proceeds of \$276,394, net of commissions and discounts. During the year ended December 31, 2022 the Company sold 15,188 shares of the Company's common stock, respectively, at a weighted average price of \$235.20 through the Open Market Sale Agreement, for total net proceeds of \$3.6 million, net of commissions and discounts.

Property and Equipment, Net

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

Estimated useful lives for property and equipment are as follows:

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

Impairment of Long-Lived Assets

The Company reviews the recoverability of its long-lived assets when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the assets from the expected future cash flows (undiscounted and without interest expense) of the related operations. If these cash flows are less than the carrying value of such assets, an impairment loss for the difference between the estimated fair value and carrying value is recorded. There was no impairment loss recognized during the years ended December 31, 2023 and 2022.

Warrants

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

Notes to Financial Statements

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

Treasury Stock

The Company records treasury stock activities under the cost method whereby the cost of the acquired stock is recorded as treasury stock. The Company's accounting policy upon the formal retirement of treasury stock is to deduct the par value from common stock and to reflect any excess of cost over par value as a reduction to additional paid-in capital (to the extent created by previous issuances of the shares) and then retained earnings. There was no treasury stock repurchased for the years ended December 31, 2023 and 2022.

Revenue Recognition

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

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

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

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

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

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

The Company also analyzes its collaboration arrangements to assess whether they are within the scope of ASC 808, *Collaborative Arrangements* ("ASC 808") to determine whether such arrangements involve joint operating activities performed by parties that are both active participants in the activities and exposed to significant risks and rewards dependent on the commercial success of such activities. This assessment is performed throughout the life of the arrangement based on changes in the responsibilities

Notes to Financial Statements

of all parties in the arrangement. For collaboration arrangements within the scope of ASC 808 that contain multiple elements, the Company first determines which elements of the collaboration are deemed to be within the scope of ASC 808 and those that are more reflective of a vendor-customer relationship and, therefore, are within the scope of ASC 606. For elements of collaboration arrangements that are accounted for pursuant to ASC 808, an appropriate recognition method is determined and applied consistently, generally by analogy to ASC 606. For those elements of the arrangement that are accounted for pursuant to ASC 606, the Company applies the five-step model described above.

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

Grant Revenue

From time to time, the Company receives certain grant award funding to support its continuing research and development efforts. The Company considers these grants to be operating revenue as they support the Company's primary operating activities. We recognize revenue from these contracts as we perform services under these arrangements when the funding is received. Revenues and related expenses are presented gross in the statements of operations and comprehensive loss as we have determined we control the arrangement as the primary obligor under the arrangements relative to the research and development services we perform. No grant revenue was recorded for the year ended December 31, 2023. During the year ended December 31, 2022 the Company recorded grant revenue related to funds received from the Alzheimer's Association of \$175,000.

Research and Development Costs

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

Stock-Based Compensation

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

Income Taxes

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

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

Notes to Financial Statements***Segment and Geographic Information***

The Company's chief operating decision maker, its Chief Executive Officer, reviews its operating results on an aggregate basis for purposes of allocating resources and evaluating financial performance. The Company has one business activity, the discovery and development of targeted biotherapeutics to treat serious diseases and conditions with unmet medical needs, and there are no segment managers who are held accountable for operations or operating results. Accordingly, the Company operates in one segment. As of December 31, 2023, and 2022, all long-lived assets are located in the United States.

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

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

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

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 requires disclosure of additional categories of information about federal, state and foreign income taxes in the rate reconciliation table and more details about the reconciling items in some categories if items meet a quantitative threshold. The ASU requires entities to disclose income taxes paid, net of refunds, disaggregated by federal (national), state and foreign taxes for annual periods and to disaggregate the information by jurisdiction based on a quantitative threshold. The guidance makes several other changes to the disclosure requirements. The ASU is required to be applied prospectively, with the option to apply it retrospectively. The ASU is effective for fiscal years beginning after December 15, 2024. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. ASU 2023-07 improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, the ASU enhances interim disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit or loss, and contains other disclosure requirements. The ASU does not change how an entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The ASU is required to be applied retrospectively to all periods presented in the financial statements. The ASU is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

Notes to Financial Statements

3. BALANCE SHEET COMPONENTS

Property and Equipment

Property and equipment consist of the following (in thousands):

	As of December 31, 2023	As of December 31, 2022
Leasehold improvements	\$ 3,277	\$ 3,259
Research equipment	3,351	3,515
Furniture and fixtures	350	350
Computer equipment	250	321
Property and equipment, gross	7,228	7,445
Less: accumulated depreciation and amortization	(7,091)	(7,256)
Property and equipment, net	<u>\$ 136</u>	<u>\$ 189</u>

Depreciation expense related to property and equipment was \$119,000 and \$207,000 for the years ended December 31, 2023 and 2022, respectively.

Accrued Expenses

Accrued expenses consist of the following (in thousands):

	As of December 31, 2023	As of December 31, 2022
Accrued clinical trial cost	\$ 853	\$ 335
Accrued payroll and related benefits	295	308
Accrued consulting and legal	58	127
Accrued other	36	11
Accrued expenses	<u>\$ 1,242</u>	<u>\$ 781</u>

4. FAIR VALUE OF FINANCIAL MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

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

Notes to Financial Statements

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

	As of December 31, 2023			
	Fair Value	Level 1	Level 2	Level 3
Financial Assets:				
Cash equivalents:				
Money market fund	\$ 1,337	\$ 1,337	\$ -	\$ -
Total Financial Assets	\$ 1,337	\$ 1,337	\$ -	\$ -

	As of December 31, 2022			
	Fair Value	Level 1	Level 2	Level 3
Financial Assets:				
Cash equivalents:				
Money market fund	\$ 3,975	\$ 3,975	\$ -	\$ -
Total Financial Assets	\$ 3,975	\$ 3,975	\$ -	\$ -

	As of December 31, 2023			
	Fair Value	Level 1	Level 2	Level 3
Financial Liabilities:				
Warrant liabilities - public warrants	\$ 2,275	\$ -	\$ -	\$ 2,275
Warrant liabilities - private placement warrants	76	-	-	76
Total Financial Liabilities	\$ 2,351	\$ -	\$ -	\$ 2,351

The Company did not transfer any assets measured at fair value on a recurring basis to or from Level 1, Level 2, and Level 3 during the years ended December 31, 2023, and 2022.

Fair Value Measurement of Warrant Liabilities

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

The key inputs into the respective valuation models used to estimate the fair value of the warrant liabilities were as follows during the year ended December 31, 2023:

	Public Warrants	Private Placement Warrants	Total
Warrant liabilities as of January 1, 2023	\$ -	\$ -	\$ -
Issuance of warrants	4,325	132	4,457
Change in fair value	(2,050)	(56)	(2,106)
Warrant liabilities as of December 31, 2023	\$ 2,275	\$ 76	\$ 2,351

Notes to Financial Statements

The following table summarizes the changes in fair value of the Company's warrant liabilities that is recognized in the change in fair value of the warrant liabilities in the accompanying statements of operations and comprehensive loss during the year-ended December 31, 2023 (in thousands):

	Public Warrants		Private Placement Warrants
	Low	High	Low
Risk-free interest rate	3.81 %	5.42 %	3.81 %
Volatility	99 %	113 %	102 %
Dividend yield	0 %	0 %	0 %
Expected term (years)	0.75	5.01	0.75
Share price	\$ 0.665	\$ 0.094	\$ 0.665

5. COLLABORATION AGREEMENTS

Surface Oncology, Inc.

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

Under the research collaboration and license option agreement, Surface paid an upfront technology access fee of \$250,000 and makes milestone payments upon completion of each of four designated milestones for the first target antigen specified in the agreement. For the second target antigen, Surface is obligated to make payments to the Company based on time incurred by the Company in the conduct of the work plan described in the agreement. Surface is required to reimburse the Company for expenses incurred (i) in the conduct of the work plan as detailed in the research funding budget and (ii) for patent filings and prosecution of the Company's program intellectual property as described in the agreement. The exercise of each option would also entail a license fee and annual maintenance fees, and in the case of the product license, royalties and additional milestone payments. This agreement will expire upon the latest of the expiration of both research programs and all evaluation and testing periods. During the year ended December 31, 2023 the Company recorded \$500,000 of revenue for a milestone fee for the first target. During year ended December 31, 2022 the Company recorded \$50,000 of revenue for an annual maintenance fee for the exclusive product license. In 2023 Surface terminated this exclusive research license agreement, and therefore will not be required to pay the maintenance fee any longer. Surface Oncology has sublicensed this program for the second target to Coherus which is actively continuing phase 1/2 development. Coherus is now responsible for the maintenance fee.

6. COMMITMENTS AND CONTINGENCIES

Nasdaq Deficiency Notice

On May 25, 2023, the Company received a letter from the Listing Qualifications staff of Nasdaq notifying the Company that it no longer complies with the requirement under Nasdaq Listing Rule 5550(b)(1) to maintain a minimum of \$2.5 million in stockholders' equity for continued listing on the Nasdaq Capital Market (the "Equity Standard") or the alternative requirements of having a market value of listed securities of \$35.0 million or net income from continuing operations of \$500,000 in the most recently completed fiscal year or two of the last three most recently completed fiscal years (the "Alternative Standards"). In October 2023, Nasdaq informed us that if we fail to evidence compliance with the Equity Standard or the Alternative Standards upon the filing of this Annual Report on Form 10-K, we may be subject to delisting. If Nasdaq staff notifies us that we are subject to delisting, we will be permitted to appeal Nasdaq staff's determination to a hearings panel. Our stockholders' deficit as of December 31, 2023 was \$2.3 million and as such, we are not in compliance with the Equity Standard under Listing Rule 5550(b)(1). We do not meet the requirements of the Alternative Standards.

Notes to Financial Statements

Upon notice from Nasdaq of noncompliance with Listing Rule 5550(b)(1), we may be granted 45 calendar days from the date of any notification letter to submit a plan to regain compliance with the Equity Standard (the "Compliance Plan"), and while there is no certainty we will be granted additional time, we may receive a compliance period, typically of no more than 180 days, to regain compliance with the Equity Standard. If the Company fails to regain compliance with the Nasdaq continued listing standards, after any compliance period, if granted, Nasdaq will provide notice that the Company's common stock will be subject to delisting.

Other Contingencies

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

In the normal course of business, the Company may become involved in legal proceedings. The Company will accrue a liability for such matters when it is probable that a liability has been incurred and the amount can be reasonably estimated. When only a range of possible loss can be established, the most probable amount in the range is accrued. If no amount within this range is a better estimate than any other amount within the range, the minimum amount in the range is accrued. The accrual for a litigation loss contingency might include, for example, estimates of potential damages, outside legal fees and other directly related costs expected to be incurred. As of December 31, 2023, and December 31, 2022 the Company was not involved in any material legal proceedings.

7. LEASES

The Company leases its facilities from 1895 Management, Ltd., a New York corporation controlled by an entity affiliated with a director of the Company, under non-cancellable operating leases. Following entry into a lease extension agreement in August 2022, the lease agreement requires monthly rental payments of \$15,048 through October 31, 2024. The Company is responsible for all maintenance, utilities, insurance and taxes related to the facility. The Company has elected the practical expedient on not separating lease components from non-lease components.

The Company accounts for its leases under ASC 842, Leases. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet. The Company determines if an arrangement is a lease at inception. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and lease liabilities are recognized based on the present value of lease payments over the lease term. The leases do not provide an implicit rate so in determining the present value of lease payments, the Company utilized its incremental borrowing rate for the applicable lease, which was 7.0%. The Company recognizes lease expense on a straight-line basis over the remaining lease term.

Under the guidance prescribed in ASC 842, the Company elected the practical expedient which does not require re-evaluation of the lease classification upon adoption, therefore, the Company's conclusion that the 1895 Mt Hope Ave Lease was an operating lease, remains. As such, the Company recorded an operating lease right-of-use asset and corresponding operating lease liability on the balance sheets of \$0.3 million. As of December 31, 2023, the future minimum payments for the operating leases total \$150,482, less imputed interest of \$4,718, for an operating lease liability of \$145,764 as of December 31, 2023. For the years ended December 31, 2023, and 2022, cash paid for amounts included in the measurement of lease liabilities was \$181,000 and \$175,000, respectively.

Rent expense incurred under the operating lease for each of the years ended December 31, 2023 and 2022 was \$181,000 and \$175,000 respectively and is a component of general and administrative expense.

8. LONG-TERM DEBT

On May 8, 2020, the Company received the PPP Loan in the amount of \$1,133,600. The PPP Loan originally matured on May 8, 2022, with no principal payments required prior to the maturity date, and bears interest at an annual rate of 1.0%, with interest payments commencing on November 8, 2020, less the amount of any potential forgiveness. On November 8, 2021, the Company was awarded loan forgiveness of \$876,171 and the remaining balance of the loan was refinanced. The loan has a maturity date of May 8, 2025, bears interest of 1%, and will be repaid in monthly payments of \$6,334. The Company has recorded interest expense of \$1,441 and \$2,235 for the years ended December 31, 2023 and, 2022, respectively on its statements of operations and comprehensive loss.

Notes to Financial Statements

9. WARRANTS**Public Warrants**

On October 3, 2023, the Company sold in a public offering (i) 542,857 shares of the Company's common stock together with public warrants to purchase up to 542,857 shares of common stock and (ii) in lieu of shares of common stock, pre-funded warrants exercisable for 142,857 shares of common stock together with public warrants to purchase up to 142,857 shares of common stock (the "Offering"). Each public warrant has an initial exercise price equal to \$14.00 per share. The public warrants are immediately exercisable and expire five years from the date of issuance. The shares of common stock and accompanying public warrants were sold at a combined public offering price of \$14.00 per share and the accompanying public warrants, and the pre-funded warrants and accompanying public warrants were sold at a combined public offering price of \$13.99 per pre-funded warrant and accompanying public warrants for aggregate gross proceeds of \$9.6 million, before deductions for placement agent and offering fees payable by the Company. The public warrants may not be exercised if the aggregate number of common stock beneficially owned by the holder thereof immediately following such exercise would exceed a specified beneficial ownership limitation; provided, however, that a holder may increase or decrease the beneficial ownership limitation by giving 61 days' notice to the Company, but not to any percentage in excess of 9.99%.

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

In the event of a fundamental transaction, the public warrants may require the Company to make a payment based on a Black-Scholes pricing model valuation, using specific inputs, which preclude the instruments from being considered indexed to the Company's own stock in accordance with ASC 815. The public warrants also contain certain terms that provide for an adjustment in response to the occurrence or nonoccurrence of a specified event that is inconsistent with an implicit assumption in a standard valuation model, which also precludes the instruments from being considered indexed to the Company's stock in accordance with ASC 815. Therefore, the Company accounted for the public warrants as liabilities, which were initially recorded at the issuance date fair value of approximately \$3.5 million. The remainder of the proceeds were allocated to the shares common stock and the pre-funded warrants based on their relative fair values and recorded as a component of stockholders' equity. As of December 31, 2023, all of the public warrants were outstanding.

Pre-Funded Warrants

In connection with the Offering, the Company sold pre-funded warrants exercisable for 142,857 shares of common stock. Each pre-funded warrant has an initial exercise price equal to \$0.0001 per share, subject to proportional adjustments in the event of stock splits, combinations (including reverse stock splits), or similar events. The pre-funded warrants may be exercised at any time and will not expire until exercised in full. The pre-funded warrants are subject to the same beneficial owner limitations as the public warrants.

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

Accordingly, the Company allocated approximately \$1.9 million of the proceeds remaining (after the allocation of proceeds to the liability-classified public warrants in the amount equal to their issuance date fair value) to the pre-funded warrants on a relative fair value basis for recognition in additional paid-in capital on the date of issuance. As of December 31, 2023, all of the pre-funded warrants remain outstanding.

Notes to Financial Statements

Private Placement Warrants

In November 2023, pursuant to securities purchase agreements entered into with certain investors, the Company issued and sold private placement warrants to purchase 37,694 shares of common stock. Each private placement warrant has an initial exercise price equal to \$1.75 per share, subject to proportional adjustments in the event of stock splits, combinations (including reverse stock splits), or similar events. The private placement warrants are immediately exercisable and expire five years from the date of issuance and the Company has the right to “call” any portion of the private placement warrants under the same conditions and terms as the public warrants. The private placement warrants are subject to the same beneficial ownership limitations as the public warrants and the pre-funded warrants.

In the event of a fundamental transaction, the private placement warrants may require the Company to make a payment based on a Black-Scholes pricing model valuation, using specific inputs, which preclude the instruments from being considered indexed to the Company’s own stock in accordance with ASC 815. Therefore, the private placement warrants are liability-classified and initially recorded at their respective issuance date fair values. As of December 31, 2023, all of the private placement warrants were outstanding.

10. COMMON STOCK RESERVED FOR ISSUANCE

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

	As of December 31, 2023	As of December 31, 2022
Shares underlying outstanding stock options	14,323	8,285
Shares available for future stock option grants	528	1,823
Shares underlying outstanding public warrants	685,714	-
Shares underlying outstanding private placement warrants	37,694	-
Shares underlying outstanding pre-funded warrants	142,857	-
Total shares of common stock reserved	<u>881,116</u>	<u>10,108</u>

11. STOCK-BASED COMPENSATION**2011 Employee Equity Plan**

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

2018 Omnibus Incentive Plan

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

Notes to Financial Statements

The Company initially reserved 2,024 shares of common stock for issuance, subject to certain adjustments, pursuant to awards under the 2018 Plan. Any shares of common stock related to awards outstanding under the 2011 Plan as of the effective date of the 2018 Plan, which thereafter terminate by expiration, forfeiture, cancellation or otherwise without the issuance of such shares, will be added to, and included in, the number of shares of common stock available for grant under the 2018 Plan. In addition, effective January 1, 2020 and continuing until the expiration of the 2018 Plan, the number of shares of common stock available for issuance under the 2018 Plan will automatically increase annually by 2% of the total number of issued and outstanding shares of the Company's common stock as of December 31 of the preceding year or such lesser number as the Company's board of directors may decide, which may be zero. Accordingly, on January 1, 2023, 4,751 additional shares of common stock became available for issuance under the 2018 Plan.

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

	Stock Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Balance as of January 1, 2022	5,300	\$ 1,164.96	6.8	\$ -
Granted	3,046	242.08	9.4	
Exercised	-	-	-	
Forfeited	(61)	667.66		
Balance as of December 31, 2022	8,285	\$ 829.32	7.1	\$ 4
Granted	6,535	84.81	9.3	
Exercised	-	-	-	
Forfeited	(188)	302.87		
Expired	(309)	3,129.00		
Balance as of December 31, 2023	14,323	\$ 446.93	7.7	\$ -
Exercisable as of December 31, 2023	6,682	\$ 785.07	6.2	\$ -

The weighted-average grant date fair value of stock options granted to employees and directors for the years ended December 31, 2023 and 2022 was \$58.16 and \$163.80 per share, respectively. The aggregate grant date fair value of stock options that vested during the years ended December 31, 2023 and 2022 was \$511,673 and \$615,378, respectively.

The intrinsic value of stock options vested and expected to vest and exercisable is calculated based on the difference between the exercise price and the fair value of the Company's common stock as of December 31, 2023 and 2022. The intrinsic value of exercised stock options is the difference between the fair value of the underlying common stock and the exercise price as of the exercise date. The intrinsic value of outstanding and exercisable awards at December 31, 2023 was nil.

As of December 31, 2023, and 2022, total unrecognized compensation cost related to stock options granted to employees was \$448,511 and \$561,198, respectively, which is expected to be recognized over a weighted-average period of 2.16 and 2.10 years as of December 31, 2023 and 2022, respectively.

Determination of Fair Value

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

Fair Value of Common Stock

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

Notes to Financial Statements

Expected Term

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

Expected Volatility

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

Risk-Free Interest Rate

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

Expected Dividend Yield

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

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

	Year Ended December 31,	
	2023	2022
Expected term (in years)	6.0	6.0
Expected volatility	75 %	75 %
Risk-free interest rate	3.9 %	2.4 %
Expected dividend yield	- %	- %

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

	Year Ended December 31,	
	2023	2022
Research and development	\$ 184	\$ 205
General and administrative	290	340
Total stock-based compensation expense	\$ 474	\$ 545

Notes to Financial Statements

12. INCOME TAXES

No provision for income taxes was recorded in the years ended December 31, 2023 and 2022. The Company remains in a cumulative loss position with a full valuation allowance recorded against its net deferred income tax assets as of December 31, 2023.

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

	Year Ended December 31,	
	2023	2022
Expected income tax benefit at the federal statutory rate	21.0%	21.0%
State taxes, net of federal benefit	5.7	5.1
Research and development credit, net	5.7	5.2
Non-deductible items and others	0.7	(0.3)
Change in valuation allowance	(33.1)	(31.0)
Total	0.0%	0.0%

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The principal components of the Company's deferred tax assets consisted of the following as of December 31, 2023 and 2022 (in thousands):

	As of December 31,	
	2023	2022
Deferred tax assets:		
Federal and state net operating loss carryforwards	\$ 78,525	\$ 75,795
Research and development tax credits	23,809	22,721
Depreciation and amortization	6,529	3,627
Reserves and accruals	46	84
Other	607	510
Total deferred tax assets	109,516	102,737
Less: valuation allowance	(109,516)	(102,737)
Net deferred tax assets	-	-
Deferred tax liability:		
Net deferred tax assets and liability	\$ -	\$ -

The Company's valuation allowance increased by \$6.6 million and by \$6.3 million for the years ended December 31, 2023 and 2022, respectively, in order to maintain a full valuation allowance against its deferred tax assets. Based on the Company's history of losses, the Company recorded a full valuation allowance against its deferred tax assets as of December 31, 2023 and 2022. The Company intends to maintain a valuation allowance until sufficient positive evidence exists to support a reversal of the valuation allowance and the realization of the Company's deferred tax assets.

As of December 31, 2023, the Company had federal and state operating loss carryforwards of \$298.6 million and \$310.8 million, which begin to expire in the years ending December 31, 2024 and 2034, respectively. The Company had federal research and development tax credit carryforwards of \$23.8 million as of December 31, 2023. This credit began expiring in the year ending December 31, 2021.

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

The Company files income tax returns in the U.S. federal jurisdiction as well as many U.S. state jurisdictions. The tax years from January 1, 2020 to December 31, 2023 remain open to examination by the major jurisdictions in which the Company is subject to tax. Fiscal years outside the normal statute of limitations remain open to audit by tax authorities due to tax attributes generated in those early years, which have been carried forward and may be audited in subsequent years when utilized.

Notes to Financial Statements

The Company evaluates tax positions for recognition using a more-likely-than-not recognition threshold, and those tax positions eligible for recognition are measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon the effective settlement with a taxing authority that has full knowledge of all relevant information. As of December 31, 2023, and 2022, the Company had no unrecognized income tax benefits that would affect the Company's effective tax rate if recognized.

13. NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS

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

	Year Ended December 31,	
	2023	2022
Options to purchase common stock	891	7,437
Public warrants to purchase common stock	165,839	-
Private placement warrants to purchase common stock	6,043	-

14. EMPLOYEE BENEFIT PLAN

The Company sponsors a 401(k) plan that stipulates that eligible employees can elect to contribute to the 401(k) plan, subject to certain limitations, up to the lesser of the statutory maximum or 100% of eligible compensation on a pre-tax basis. Through December 31, 2023, and 2022, the Company has not elected to match employee contributions as permitted by the plan. The Company pays the administrative costs for the plan.

15. RELATED PARTY TRANSACTIONS

As discussed in Note 7, the Company leases its facility from 1895 Management, Ltd., a New York corporation controlled by an entity affiliated with the Company's chairman and major stockholder of the Company. Rent expense incurred under this operating lease was \$181,000 and \$175,000, respectively, for each of the years ended December 31, 2023, and 2022.

As discussed in Note 5, in November 2017, the Company entered into a research collaboration and license option agreement with Surface to identify and select antibodies against two target antigens, using the Company's proprietary technology as described in the agreement. At that time, J. Jeffrey Goater served as a member of the Company's board of directors and the Chief Business Officer of Surface, Mr. Goater's term as a member of our board ended at our 2022 annual meeting of stockholders. He currently serves as a director of Surface. This agreement will expire upon the latest of the expiration of both research programs and all evaluation and testing periods. During the year ended December 31, 2022 the Company recorded \$50,000 of revenue as an annual maintenance fee for the exclusive product license. During the year ended December 31, 2023 the Company recorded \$500,000 of revenue for a milestone for the first target. In 2023 Surface terminated this exclusive research license agreement, and therefore will not be required to pay the maintenance fee any longer. Surface Oncology has sublicensed this program for the second target to Coherus which is actively continuing phase 1/2 development. Coherus is now responsible for the maintenance fee.

On January 31, 2022, the Company entered into a stock purchase agreement pursuant to which the Company issued and sold to certain investors 41,656 shares of its common stock at a purchase price of \$233.10 per share for aggregate gross proceeds of \$9.7 million ("the January 2022 Private Placement"). FCMI Parent Co. ("FCMI") and Friedberg Global-Macro Hedge Fund Ltd. each purchased 8,580 shares of the Company's common stock for an aggregate purchase price of \$4.0 million. Albert D. Friedberg, the Company's chairman and beneficial owner of a majority of the Company's outstanding common stock, controls FCMI, the Company's largest stockholder, and Friedberg Mercantile Group, the investment manager of the Friedberg Global-Macro Hedge Fund Ltd., which exercises voting and dispositive power over shares held directly by Friedberg Global-Macro Hedge Fund Ltd. Vaccinex (Rochester) L.L.C., which is majority owned and controlled by Dr. Maurice Zauderer, the Company's President, Chief Executive Officer, and a member of its board of directors, and Benbow Estates, which is controlled by Jacob Frieberg, a member of the Company's board of directors, also purchased 8,580 and 429 shares of the Company's common stock for aggregate purchase prices of \$2.0 million and \$0.1 million, respectively, in the January 2022 Private Placement.

Notes to Financial Statements

On November 18, 2022, and November 22, 2022, the Company entered into a stock purchase agreement and joinder thereto pursuant to which it issued and sold 34,012 shares of its common stock at a purchase price of \$111.15 per share for aggregate gross proceeds of approximately \$3.8 million (the "November 2022 Private Placement"). Vaccinex (Rochester), L.L.C.; FCMI; Gee Eff Services Limited, which is controlled by Jacob Frieberg, one of the Company's directors; and Gerald E. Van Strydonck, another of the Company's directors, purchased 26,315 shares of the Company's common stock for aggregate purchase price of \$2.9 million in the November 2022 Private Placement.

On March 30, 2023, the Company entered into a Stock Purchase Agreement, pursuant to which the Company issued and sold 23,693 shares of its common stock at a purchase price of \$86.10 per share for aggregate gross proceeds of \$2.04 million (the "March 2023 Private Placement"). FCMI and Vaccinex (Rochester) L.L.C. purchased 23,229 shares of the Company's common stock for an aggregate purchase price of \$2.0 million in the March 2023 Private Placement. In addition, FCMI made a binding commitment in the Stock Purchase Agreement to purchase, on or prior to May 15, 2023, up to an additional \$2.96 million of shares of the Company's common stock, less the aggregate purchase price of securities of the Company other than the shares sold by the Company to investors other than FCMI and its affiliates after the closing and on or prior to May 15, 2023, and subject to the terms and conditions of the Stock Purchase Agreement.

On May 12, 2023, pursuant to the March 2023 Stock Purchase Agreement, the Company issued and sold 37,660 shares of its common stock at a purchase price of \$78.5988 per share for aggregate gross proceeds of \$2.96 million. FCMI purchased 31,690 shares of the Company's common stock in relation to the May 12, 2023, sale for a purchase price of \$2.51 million.

On September 20, 2023, the Company entered into the Stock Purchase Agreement, pursuant to which the Company issued and sold 17,781 shares of its common stock at a purchase price of \$32.76 per share for aggregate gross proceeds of \$0.58 million (the "September 2023 Private Placement"). Vaccinex (Rochester) L.L.C. purchased 9,768 shares of the Company's common stock in the September 2023 Private Placement for a purchase price of \$0.32 million.

On October 3, 2023, pursuant to the Company's registration statement on Form S-1, as amended (File No. 333-274520), and a securities purchase agreement, as applicable, the Company issued and sold to certain investors (i) 542,857 shares of the Company's common stock together with common warrants to purchase up to 542,857 shares of common stock and (ii) 142,857 pre-funded warrants to purchase up to 142,857 shares of common stock together with common warrants to purchase up to 142,857 shares of common stock, at a purchase price of \$14.00 and \$13.99, respectively, for aggregate gross proceeds of \$9.6 million ("the October 2023 Offering"). FCMI and Vaccinex (Rochester) L.L.C. purchased 214,286 and 35,714 shares of our common stock and accompanying common warrants, respectively, in the October 2023 Offering for an aggregate purchase price of \$3.5 million.

On November 2, 2023, the Company entered into Securities Purchase Agreements with certain investors from the August and September 2023 private placements, pursuant to which the Company issued and sold 37,694 warrants to purchase up to 37,694 shares of its common stock at a purchase price of \$1.75 per warrant for aggregate gross proceeds of \$70,000 (the "November Warrant Offering"). Vaccinex (Rochester) L.L.C. purchased 9,768 warrants in the November Warrant Offering for a purchase price of \$17,000.

Notes to Financial Statements

16. SUBSEQUENT EVENTS

On February 6, 2024, Vaccinex, Inc. (the "Company") entered into a securities purchase agreement (the "Securities Purchase Agreement") pursuant to which the Company agreed to issue and sell to the investors named therein (the "Investors") an aggregate of (i) 274,182 shares ("Shares") of the Company's common stock ("Common Stock") together with warrants ("Common Warrants") to purchase up to 274,182 shares of Common Stock ("Warrant Shares") at a combined price of \$10.15 per Share and accompanying Common Warrant and (ii) pre-funded warrants ("Pre-Funded Warrants") and together with the Common Warrants, the "Warrants", and such Warrants together with the Shares, the "Securities") in lieu of Shares to purchase up to 90,363 Warrant Shares together with Common Warrants to purchase up to 90,363 Warrant Shares at a combined price of \$10.1486 per Pre-Funded Warrant and accompanying Common Warrant (the "Private Placement"). The Private Placement closed on February 8, 2024 (the date of such closing, the "Closing Date") for aggregate gross proceeds of approximately \$3.7 million.

Each Pre-Funded Warrant will have an initial exercise price of \$0.0014 per share, and each Common Warrant will have an initial exercise price of \$14.00 per share. The Warrants will be immediately exercisable. The Pre-Funded Warrants may be exercised at any time until they are exercised in full, and the Common Warrants will expire five years from the date of issuance. The Company will have the right to "call" the exercise of any portion of a holder's Common Warrants by delivering a call notice to the holder within 120 days after the Company publicly announces an increase in pepinemab treated patients relative to placebo-treated patients, with statistical significance having a p-value of less than or equal to 0.05, in the change of the FDG-PET standard uptake value ratio for brain metabolism between baseline and month 12 as assessed by fluorodeoxyglucose (FDG)-PET in the resting state following administration of 40 mg/kg pepinemab or placebo, as applicable, as described in the protocol for the Company's SIGNAL-AD Alzheimer's disease study and the associated Statistical Analysis Plan (the "Positive Data Release"). After delivery of a call notice, the Common Warrants will continue to be exercisable. Each Common Warrant will be canceled and no longer exercisable to the extent the holder fails to timely exercise the Common Warrant for the called portion thereof within 30 trading days following the Company's issuance of a call notice, provided that to the extent the exercise of a called portion of a Common Warrant would cause the holder to hold Common Stock in excess of a specified beneficial ownership limitation, upon exercise of such portion, as set forth in the Common Warrant, instead of shares being issued, the exercise would result in the modification of the terms of such portion to be consistent with the terms of a Pre-Funded Warrant.

On March 28, 2024, the Company entered into a securities purchase agreement with Alzheimer's Drug Discovery Foundation pursuant to which the Company sold shares of a newly designated series of convertible preferred stock, the Series A Preferred Stock, and warrants to purchase up to 229,057 shares of the Company's common stock for an aggregate purchase price of \$1.75 million. This transaction closed on March 29, 2024.

On March 27, 2024, the Company entered into a securities purchase agreement pursuant to which the Company issued and sold 193,000 shares of the Company's common stock in a public offering together with warrants to purchase up to 193,000 shares of common stock in a concurrent private placement at a combined price of \$7.77 per share and accompanying warrant for an aggregate purchase price of approximately \$1.5 million. Separately on March 27, 2024, the Company entered into a securities purchase agreement in a different form pursuant to which the Company sold 159,683 shares of common stock and warrants to purchase up to 159,683 shares of common stock in a private placement at a combined price of \$7.77 per share and accompanying warrant for an aggregate purchase price of approximately \$1.25 million. FCMI Parent Co. ("FCMI"), which is controlled by Albert D. Friedberg, the chairman of the Company's board of directors, and Vaccinex (Rochester) L.L.C., which is majority owned and controlled by Dr. Maurice Zauderer, the Company's President, Chief Executive Officer, and a member of the Company's board of directors purchased shares of the Company's common stock and accompanying warrants in the latter transaction. These transactions closed on March 28, 2024.

In March 2024, the Company entered into agreements with holders of the warrants issued in October and November 2023 and February 2024 pursuant to which the provisions that may require the Company to make a payment based on a Black-Scholes pricing model valuation, using specific inputs, and terms that provide for an adjustment in response to the occurrence or nonoccurrence of a specified event that is inconsistent with an implicit assumption in a standard valuation model, each of which preclude the instruments from being considered indexed to the Company's stock in accordance with ASC 815, were amended.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-274520, 333-274756 on Form S-1, 333-233607, 333-236417, 333-246322, 333-246326, 333-264236, 333-269385, 333-271074, 333-272649, 333-276465 on Form S-3, and 333-226964 on Form S-8 of our report dated April 1, 2024, relating to the financial statements of Vaccinex, Inc. appearing in this Annual Report on Form 10-K for the year ended December 31, 2023.

/s/ Deloitte & Touche LLP

Rochester, New York
April 25, 2024

Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Maurice Zauderer, certify that:

1. I have reviewed this annual report on Form 10-K/A for the year ended December 31, 2023, of Vaccinex, Inc.;
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.

Dated: April 25, 2024

By: /s/ Maurice Zauderer
Maurice Zauderer, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jill Sanchez, certify that:

1. I have reviewed this annual report on Form 10-K/A for the year ended December 31, 2023, of Vaccinex, Inc.;
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.

Dated: April 25, 2024

By: /s/ Jill Sanchez

Jill Sanchez

Chief Financial Officer

(Principal Financial Officer)

Certification 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

In connection with the annual report of Vaccinex, Inc., (the "Company") on Form 10-K/A for the year ended December 31, 2023 (the "Report"), I, Maurice Zauderer, Ph.D., President and Chief Executive Officer of the Company and Jill Sanchez, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 25, 2024

By: /s/ Maurice Zauderer
Maurice Zauderer, Ph.D.
President and Chief Executive Officer

Dated: April 25, 2024

By: /s/ Jill Sanchez
Jill Sanchez
Chief Financial Officer

Vaccinex, Inc.
**Policy for the Recovery of Erroneously Awarded
Compensation**

This Policy for the Recovery of Erroneously Awarded Compensation Policy (this “*Policy*”) has been adopted by the Board of Directors (the “*Board*”) of Vaccinex, Inc. (the “*Company*”), in accordance with the requirements of the Recovery Rules to implement a written policy for the recovery of erroneously awarded compensation received by executive officers in the event of an accounting restatement. This Policy shall be effective as of October 2, 2023 (the “*Effective Date*”). Capitalized terms used herein and not otherwise defined have the meanings assigned to them in Section 3 hereof.

1. Recovery of Erroneously Awarded Compensation

(a) In the event of an Accounting Restatement, unless an exemption under the Nasdaq Stock Market Listing Rules applies, the Board must reasonably promptly determine the amount of any Erroneously Awarded Compensation Received by each Covered Executive Officer during the Recovery Period based on the Accounting Restatement, and shall promptly provide each affected Covered Executive Officer with a written notice stating the amount of Erroneously Awarded Compensation and a demand for repayment or return, as applicable.

(b) Each Covered Executive Officer must comply with any request or demand for repayment or return within 45 days from the date such request or demand was sent (or by such later date specified in the request or demand, if any).

(c) The Company’s obligation to recover Erroneously Awarded Compensation pursuant to this Policy is not dependent on if or when the restated financial statements are filed. In addition, the recovery of Erroneously Awarded Compensation is required without regard to whether any misconduct occurred or a Covered Executive Officer’s responsibility for the erroneous financial statements.

(d) The Board shall have broad discretion to determine the appropriate means of recovery of Erroneously Awarded Compensation based on all applicable facts and circumstances. Any action by the Company to recover Erroneously Awarded Compensation under this Policy from a Covered Executive Officer shall not, whether alone or in combination with any other action, event or condition, be deemed (i) “good reason” for resignation or to serve as a basis for a claim of constructive termination under any benefits or compensation arrangement applicable to such Covered Executive Officer, or (ii) to constitute a breach of a contract or other arrangement to which such Covered Executive Officer is party.

(e) To the extent that a Covered Executive Officer fails to repay any or all Erroneously Awarded Compensation to the Company when due, the Company shall take all actions reasonable and appropriate to promptly recover such Erroneously Awarded Compensation from the Covered Executive Officer, and the Covered Executive Officer shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in seeking to recover such Erroneously Awarded Compensation.

2. Determination of Erroneously Awarded Compensation

(a) The amount of Erroneously Awarded Compensation shall be determined by the Board, considering any recommendation of the Committee and the particular facts and circumstances and consistent with the principles of the Recovery Rules. The Board and Committee are authorized to engage, on behalf of the Company, any third-party advisors it deems advisable in order to perform any calculations contemplated by this Policy.

(b) For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the Accounting Restatement, the Board, considering any recommendation of the Committee, shall determine the amount of Erroneously Awarded Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received. The Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

3. Definitions

For purposes of this Policy, the following terms have the meanings indicated, in addition to the other terms defined herein:

(a) “**Accounting Restatement**” shall mean an accounting restatement (i) due to the material noncompliance of the Company with any financial reporting requirement under the federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (a “Big R” restatement), or (ii) that corrects an error that is not material to previously issued financial statements, but would result in a material misstatement if the error were not corrected in the current period or left uncorrected in the current period (a “little r” restatement).

(b) “**Committee**” means the Compensation Committee of the Board, or any other committee designated by the Board to administer this Policy, and in the absence of such a committee, a majority of the independent directors serving on the Board.

(c) “**Covered Executive Officer**” means an individual who served as an Executive Officer at any time during the applicable performance period for the affected Incentive-Based Compensation (whether or not such individual is an Executive Officer or remains employed at the time that Erroneously Awarded Compensation is required to be repaid under this Policy).

(d) “**Erroneously Awarded Compensation**” means the amount of Incentive-Based Compensation Received by a Covered Executive Officer that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received by the Covered Executive Officer had it been determined based on the restated amounts, computed without regard to any taxes paid. Erroneously Awarded Compensation only includes Incentive-Based Compensation that is Received by a Covered Executive Officer (i) during the applicable Recovery Period, (ii) on or after the Effective Date, (iii) after the Covered Executive Officer began service as an Executive Officer, and (iv) while the Company has a class of securities listed on a national securities exchange or a national securities association.

(e) “**Exchange**” means The Nasdaq Stock Market.

(f) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(g)“**Executive Officer**” means any current or former “officer” of the Company, as defined by Rule 16a-1(f) of the Exchange Act. The Committee shall have full discretion to determine which individuals in the Company and its subsidiaries shall be considered an “Executive Officer” for purposes of this Policy.

(h)“**Financial Reporting Measure**” means a measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measures. Financial Reporting Measure shall also include the Company’s stock price and total shareholder return. A Financial Reporting Measure need not be presented within the Company’s financial statements or included in a filing with the SEC.

(i)“**Incentive-Based Compensation**” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(j)“**Received**” with respect to Incentive-Based Compensation means when the Incentive-Based Compensation is deemed received, which is the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period. For the avoidance of doubt, Incentive-Based Compensation that is subject to both a Financial Reporting Measure vesting condition and a service-based vesting condition shall be considered Received when the Financial Reporting Measure is achieved, even if the Incentive-Based Compensation continues to be subject to the service-based vesting condition.

(k)“**Recovery Period**” means the three completed fiscal years of the Company that immediately precede the Restatement Date and any transition period (that results from a change in the Company’s fiscal year) of less than nine months within or immediately following those three completed fiscal years.

(l)“**Recovery Rules**” means Section 10D of the Exchange Act and any applicable rules or standards adopted by the SEC thereunder (including Rule 10D-1 under the Exchange Act) and Rule 5608 of The Nasdaq Stock Market Listing Rules.

(m)“**Restatement Date**” means the earlier of (i) the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, and (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

(n) “**SEC**” means the Securities and Exchange Commission.

4. Prohibition on Indemnification

The Company and its subsidiaries are prohibited from (a) indemnifying any Executive Officer against (i) the loss of Erroneously Awarded Compensation pursuant to this Policy or (ii) any

claims relating to the Company's enforcement of its rights under this Policy, and (b) paying or reimbursing the premiums on any insurance policy protecting against the recovery of Erroneously Awarded Compensation. Neither the Company nor any subsidiary shall enter into any agreement that exempts any Incentive-Based Compensation from the application of this Policy or that waives the Company's right to recover Erroneously Awarded Compensation, and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date).

5. Administration

This Policy shall be administered by the Board, considering any recommendation of the Committee, in accordance with the Recovery Rules. The Board, considering any recommendation of the Committee, will interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. Any determination made by the Board shall be binding on all persons. In the event any provision of this Policy is determined to be unenforceable or invalid under applicable law, such provision shall be applied to the maximum extent permitted by applicable law and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required by applicable law.

6. Acknowledgement

The Company may require an Executive Officer to sign and return to the Company the Acknowledgement Form attached hereto as Exhibit A pursuant to which such Executive Officer will agree to be bound by the terms and comply with this Policy; provided, however, that this Policy shall apply to, and be enforceable against, any Executive Officer regardless of whether or not such Executive Officer signs and returns to the Company such Acknowledgement Form.

7. Miscellaneous

(a) Amendment and Termination. The Board may at any time in its sole discretion supplement or amend any provision of this Policy in any respect, repeal this Policy in whole or part or adopt a new policy relating to recovery of Incentive-Based Compensation with such terms as the Board determines in its sole discretion to be appropriate, including as and when it determines that it is legally required by the Recovery Rules or any federal securities law, SEC rule, or Exchange rule. Notwithstanding anything in this Section to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after considering any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, SEC rules or the rules of any national securities exchange or national securities association on which the Company's securities are listed. Furthermore, unless otherwise determined by the Committee or as otherwise amended, this Policy shall automatically be deemed amended in a manner necessary to comply with any change in the Recovery Rules.

(b) Other Recovery Rights. The Committee intends that this Policy will be applied to the fullest extent permitted by applicable law. The Committee may require that any employment agreement, equity award agreement, or any other agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require an Executive Officer to abide by the terms of this Policy. Executive Officers shall be deemed to have accepted continuing employment on terms that include compliance with this Policy, to the extent of its otherwise applicable provisions, and to be contractually bound by its enforcement provisions. Executive Officers who cease employment or service with the Company and its subsidiaries shall continue to

be bound by the terms of this Policy with respect to Incentive-Based Compensation subject to this Policy. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company or its subsidiaries under applicable law, regulation or rule, or pursuant to the terms of any policy or in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company and its subsidiaries. To the extent that the application of this Policy would provide for recovery of Incentive-Based Compensation that the Company recovers pursuant to Section 304 of the Sarbanes- Oxley Act of 2002 or other recovery obligations or policies, the amount that the relevant Executive Officer has already reimbursed the Company will be credited to the required recovery under this Policy, as determined by the Board in its sole discretion. Nothing in this Policy precludes the Company from implementing any additional clawback, recovery or recoupment policies with respect to Executive Officers or other individuals. Application of this Policy does not preclude the Company or its subsidiaries from taking any other action to enforce any Executive Officer's obligations to the Company or its subsidiaries, including termination of employment or institution of civil or criminal proceedings or any other remedies that may be available to the Company or its subsidiaries with respect to any Executive Officer.

(c) Successors. This Policy shall be binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

As Adopted November 16, 2023.

EXHIBIT A

VACCINEX, INC.

**POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED
COMPENSATION**

ACKNOWLEDGEMENT FORM

By signing below, you acknowledge and confirm that you have received and reviewed a copy of the Vaccinex, Inc. Policy for the Recovery of Erroneously Awarded Compensation (the "Policy"). Capitalized terms used but not otherwise defined in this Acknowledgement Form shall have the meanings ascribed to such terms in the Policy.

By signing below, you are acknowledging and agreeing that you are subject to the terms of the Policy and that you will repay to the Company the amount of any Erroneously Awarded Compensation that you are determined to be required to repay under the Policy. You understand that this obligation applies to awards of Incentive-Based Compensation issued to you in the past, present and future. Incentive-Based Compensation may include, but is not limited to, stock options, restricted stock, restricted stock units, performance stock units, and annual incentive awards.

By signing this Acknowledgement Form, you:

- acknowledge and agree that you are and will continue to be subject to the Policy and that the Policy will apply both during and after your employment with the Company and its subsidiaries;
- agree to abide by the terms of the Policy, including, without limitation, by promptly returning to the Company any Erroneously Awarded Compensation in a manner permitted by the Policy;
- acknowledge and agree to reimburse the Company for any and all expenses reasonably incurred by the Company in seeking to recover such Erroneously Awarded Compensation in the event that you fail to promptly repay any or all Erroneously Awarded Compensation to the Company when due;
- acknowledge and agree that the Company may, to the greatest extent permitted by law, reduce any amount that may become payable to you by any amount to be recovered by the Company pursuant to the Policy if such amount has not been returned to the Company prior to the date that the subsequent amount becomes payable to you; and
- acknowledge and agree that any action by the Company to recover Erroneously Awarded Compensation under this Policy from you shall not, whether alone or in combination with any other action, event or condition, be deemed (i) "good reason" for resignation or to serve as a basis for a claim of constructive termination under any benefits or compensation arrangement applicable to you, or (ii) to constitute a breach of a contract or other arrangement to which you are party.

Signature

Print Name

Date
