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

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 22, 2024

Opus Genetics, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**001-34079**	**11-3516358**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

8 Davis Drive, Suite 220 **Durham, NC**	**27709**
(Address of principal executive offices)	(Zip Code)

(248) 957-9024
(Registrant's telephone number, including area code)

37000 Grand River Avenue, Suite 120
Farmington Hills, MI 48335
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2). Emerging growth company ☐

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

Explanatory Note

On October 22, 2024, Opus Genetics, Inc., a Delaware corporation formerly known as Ocuphire Pharma, Inc. (the "***Company***"), filed with the U.S. Securities and Exchange Commission (the "***SEC***") a Current Report on Form 8-K (the "***Original Form 8-K***") reporting that, on the same date, the Company completed its acquisition (the "***Acquisition***") of former Opus Genetics Inc., a Delaware corporation (the "***Acquired Company***"). The Acquisition was completed pursuant to the terms and subject to the conditions of the Agreement and Plan of Merger, dated as of October 22, 2024.

As a result of the Acquisition, and based on the criteria in Rule 3-05 of Regulation S-X, the Company would ordinarily be required to file historical audited financial statements for the Acquired Company for the past two fiscal years, certain unaudited interim financial statements, and corresponding pro forma financial information pursuant to Article 11 of Regulation S-X. However, because the Company believed that the Acquired Company's full financial statements would not be material to the Company's stockholders and would be of limited value to investors, the Company requested relief from the SEC from the requirements under Rule 3-05 and Article 11 of Regulation S-X to file the financial statements and pro forma financial information in connection with the Acquisition. In response to the waiver request, the SEC advised the Company that it could file historical audited financial statements for the Acquired Company only for the fiscal year ended December 31, 2023, unaudited interim financial statements for the nine months ended September 30, 2024, and corresponding pro forma financial information pursuant to Article 11 of Regulation S-X in lieu of the full financial statements of Acquired Company otherwise required under Rule 3-05 and Article 11 of Regulation S-X.

The pro forma financial information included in this Current Report on Form 8-K/A has been presented for informational purposes only, as required by Item 9.01 of Form 8-K. It does not purport to represent the actual results of operations that the Company and the Acquired Company would have achieved had the companies been combined during the periods presented in the pro forma financial information and is not intended to project the future results of operations that the combined company may achieve following the Acquisition.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

The audited balance sheet of the Acquired Company as of December 31, 2023 and the related statements of operations and comprehensive loss, changes in convertible preferred stock and stockholders' deficit and cash flows for the year ended December 31, 2023, including all notes thereto, are filed herewith as Exhibit 99.1 and incorporated by reference herein.

The unaudited balance sheet of the Acquired Company as of September 30, 2024 and the related statements of operations and comprehensive loss, changes in convertible preferred stock and stockholders' deficit and cash flows for the nine months ended September 30, 2024, including all notes thereto, are filed herewith as Exhibit 99.2 and incorporated by reference herein.

(b) Pro Forma Financial Information

The unaudited pro forma combined condensed balance sheet of the Company as of September 30, 2024 and the unaudited pro forma combined condensed statements of income of the Company for the nine months ended September 30, 2024 and the fiscal year ended December 31, 2023, including all notes thereto, giving effect to the Acquisition, are filed herewith as Exhibit 99.3 and are incorporated by reference herein.

(d) Exhibits

Exhibit	**Description**
23.1	Consent of Ernst & Young LLP, independent accounting firm for the Acquired Company
99.1	Audited financial statements of the Acquired Company as of and for the year ended December 31, 2023
99.2	Unaudited financial statements of the Acquired Company as of and for the nine months ended September 30, 2024
99.3	Unaudited pro forma combined condensed financial information
104	Cover page interactive data file (formatted as inline XBRL)

SIGNATURE

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

OPUS GENETICS, INC.

Date: January 7, 2025

By: /s/ Dr. George Magrath
Name: Dr. George Magrath
Title: Chief Executive Officer

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No. 333-276462) pertaining to the registration of Ocuphire Pharma, Inc. debt and equity securities;
(2) Registration Statement (Form S-8 No. 333-282988) pertaining to the Ocuphire Pharma, Inc. 2021 Inducement Plan
(3) Registration Statement (Form S-8 No. 333-276471) pertaining to the Ocuphire Pharma, Inc. 2020 Equity Incentive Plan;
(4) Registration Statement (Form S-8 No. 333-275673) pertaining to the Ocuphire Pharma, Inc. 2021 Inducement Plan;
(5) Registration Statement (Form S-8 No. 333-271150) pertaining to the Ocuphire Pharma, Inc. 2020 Equity Incentive Plan;
(6) Registration Statement (Form S-8 No. 333-264139) pertaining to the Ocuphire Pharma, Inc. 2020 Equity Incentive Plan;
(7) Registration Statement (Form S-8 No. 333-254923) pertaining to the Ocuphire Pharma, Inc. 2021 Inducement Plan and Ocuphire Pharma, Inc. 2020 Equity Incentive Plan;
(8) Registration Statement (Form S-8 No. 333-249978) pertaining to the Ocuphire Pharma, Inc. 2020 Equity Incentive Plan and Ocuphire Pharma, Inc. 2018 Equity Incentive Plan;
(9) Registration Statement (Form S-8 No. 333-217627) pertaining to the Rexahn Pharmaceuticals, Inc. 2013 Stock Option Plan;
(10) Registration Statement (Form S-8 No. 333-189240) pertaining to the Rexahn Pharmaceuticals, Inc. 2013 Stock Option Plan; and
(11) Registration Statement (Form S-8 No. 333-129294) pertaining to the Rexahn Pharmaceuticals, Inc. 2005 Stock Option Plan

of Opus Genetics, Inc. (formerly known as Ocuphire Pharma, Inc.) of our report dated January 7, 2025, relating to the financial statements of Opus Genetics Inc. as of and for the year ended December 31, 2023 appearing in this Current Report on Form 8-K/A of Opus Genetics, Inc. (formerly known as Ocuphire Pharma, Inc.).

/s/ Ernst & Young LLP

Detroit, MI
January 7, 2025

Exhibit 99.1

Opus Genetics Inc.

Financial Statements
Year Ended December 31, 2023
With Report of Independent Auditors

Opus Genetics Inc.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Auditors

To the Stockholders and Board of Directors
Opus Genetics, Inc.

Opinion

We have audited the financial statements of Opus Genetics, Inc. (the Company), which comprise the balance sheet as of December 31, 2023, and the related statements of operations and comprehensive loss, changes in convertible preferred stock and stockholders' deficit and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Ernst & Young LLP

Detroit, Michigan

January 7, 2025

Opus Genetics Inc.
Balance Sheet

		As of December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$	180,422
Prepaids and other current assets		127,503
Total current assets		307,925
Right-of-use assets		174,362
Property and equipment, net		305,887
Total assets	$	788,174
Liabilities, convertible preferred stock and stockholders' deficit		
Current liabilities:		
Accounts payable	$	1,038,453
Accrued expenses and other liabilities		712,970
Convertible notes – related party		327,969
Total current liabilities		2,079,392
Lease liability, long term		63,450
Warrant liabilities		790,215
Total liabilities		2,933,057
Commitments and contingencies (Note 3)		
Convertible preferred stock, $0.00001 par value; 58,188,000 shares authorized as of December 31, 2023; 32,395,710 shares issued and outstanding as of December 31, 2023; liquidation preference $28,690,106 as of December 31, 2023.		22,580,206
Stockholders' deficit:		
Common stock, par value $0.00001; 71,102,000 shares authorized as of December 31, 2023; 6,256,789 shares issued and outstanding at December 31, 2023.		62
Additional paid-in capital		334,720
Accumulated deficit		(25,059,871)
Total stockholders' deficit		(24,725,089)
Total liabilities, convertible preferred stock and stockholders' deficit	$	788,174

See accompanying notes.

Opus Genetics Inc.
Statement of Operations and Comprehensive Loss

	For the Year Ended December 31, 2023
Operating expenses:	
General and administrative	$ 2,717,363
Research and development	7,183,884
Total operating expenses	9,901,247
Loss from operations	(9,901,247)
Interest expense	(9,280)
Change in instruments measured at fair value	120,404
Other income, net	40,948
Loss before income taxes	(9,749,175)
Provision for income taxes	—
Net loss	(9,749,175)
Other comprehensive loss, net of tax	—
Comprehensive loss	$ (9,749,175)

See accompanying notes.

Opus Genetics Inc.
Statement of Changes in Convertible Preferred Stock and Stockholders' Deficit

	Convertible Preferred Stock		Common Stock		Additional Paid–In Capital	Accumulated Deficit	Total Deficit
	Shares	Amount	Shares	Amount			
Balance at December 31, 2022	23,865,633	$ 18,959,491	5,794,580	$ 58	$ 78,749	$ (15,310,696)	$ (15,231,889)
Issuance of convertible preferred stock – Series Seed	4,459,445	804,693	—	—	—	—	—
Issuance of convertible preferred stock – Series Seed-1 upon conversion of notes	2,092,116	1,501,972	—	—	—	—	—
Issuance of common stock	—	—	440,709	4	(4)	—	—
Issuance costs	—	(110,481)	—	—	—	—	—
Stock–based compensation	—	—	—	—	250,815	—	250,815
Exercise of stock option	—	—	21,500	—	5,160	—	5,160
Exercise of warrants	1,978,516	1,424,531	—	—	—	—	—
Net loss	—	—	—	—	—	(9,749,175)	(9,749,175)
Balance at December 31, 2023	32,395,710	$ 22,580,206	6,256,789	$ 62	$ 334,720	$ (25,059,871)	$ (24,725,089)

See accompanying notes.

Opus Genetics Inc.
Statement of Cash Flows

	For the Year Ended December 31, 2023
Operating activities	
Net loss	$ (9,749,175)
Adjustments to reconcile net loss to net cash used in operating activities:	
Stock-based compensation	250,815
Lease amortization	109,022
Depreciation	53,483
Change in instruments measured at fair value	(120,404)
Change in assets and liabilities:	
Prepaid expenses and other assets	(55,553)
Accounts payable	336,818
Accrued expenses and other liabilities	200,283
Net cash used in operating activities	(8,974,711)
Investing activities	
Purchases of fixed assets	—
Net cash used in investing activities	—
Financing activities	
Proceeds from issuance of convertible preferred stock	804,693
Issuance costs attributed to convertible preferred stock	(110,481)
Issuance of convertible notes	1,850,000
Issuance of warrants	2,295,306
Exercise of warrants	19,785
Finance lease payments	(105,510)
Exercise of stock options	5,160
Net cash provided by financing activities	4,758,953
Net decrease in cash and cash equivalents	(4,215,758)
Cash and cash equivalents at beginning of period	4,396,180
Cash and cash equivalents at end of period	$ 180,422
Supplemental disclosure of cash flow information:	
Cash paid for income taxes	$ —
Cash paid for interest	$ 9,280
Supplemental non-cash financing transactions:	
Conversion of notes to preferred	$ 1,501,972
Exercise of warrants to preferred stock	$ 1,404,746
Lease assets obtained in exchange for lease liabilities	$ 283,384

See accompanying notes.

1. Company Description and Summary of Significant Accounting Policies

Nature of Business

Opus Genetics, Inc. (the “Company” or “Opus”) ”) was a privately-owned clinical-stage gene therapy company for inherited retinal diseases from its inception through December 31, 2023.The Company was formed as a Delaware corporation on January 7, 2021 and is headquartered in Durham, North Carolina. The Company has not generated any revenues since inception and has never engaged in revenue-producing operations.

Acquisition by Ocuphire Pharma, Inc.

October 22, 2024, Ocuphire Pharma, Inc. (“Ocuphire”) acquired Opus (the “Merger”) in accordance with the terms of a merger agreement (“Merger Agreement”). Following the Merger, Ocuphire was renamed as Opus Genetics, Inc., effective October 23, 2024. For more information, see Note 9 – Subsequent Events.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting standards generally accepted in the United States of America (“GAAP”).

The Company does not have any subsidiaries or other entities that require consolidation for financial statement reporting purposes.

Liquidity

From its inception through December 31, 2023, the Company had devoted substantially all its resources to organizational and staffing activities, business planning, raising capital, and acquiring, developing and general and administrative support activities. The Company incurred losses and negative cash flows from operations since inception and had an accumulated deficit of $25.1 million as of December 31, 2023. Since inception through December 31, 2023, the Company had funded operations primarily with the net proceeds from the issuance of preferred equity securities, convertible promissory notes and to a lesser extent, from the issuance of common stock. The Company will require additional capital to continue research and development programs, including progressing clinical product candidates to commercialization. The Company had cash and cash equivalents of $180,422.The Company was acquired by Ocuphire in October 2024 (the “Acquisition”). See Note 9 – Subsequent Events. In association with the Acquisition, the Company became a wholly owned entity. Accordingly, as a result of the Acquisition, the Company believes they will have sufficient funds to meet the obligations as they come due at least for a period of twelve months from the date of the issuance of these financial statements. In the longer term, the Company will have to continue to generate additional capital to meet the needs through sources such as new and existing collaborations and related license and milestones, the sale of equity securities, grant-funding opportunities, deferring certain discretionary costs and staging certain development costs, as needed.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of 90 days or less at the time of deposit to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents. Management follows approved policies established by the Company's Board of Directors (the "Board") to reduce credit risk associated with the Company's cash deposit and investment accounts. Pursuant to these policies, the Company limits its exposure through the kind, quality and concentration of its investments. The Company's cash and cash equivalents are held or managed by one financial institutions in the United States. As of December 31, 2023, the Company had no cash equivalents that exceeded eligible for coverage by Federal Deposit Insurance Corporation ("FDIC").

Fair Value of Common Stock and Preferred Stock

In the absence of a public trading market as a company with no significant revenues, the Company considered a range of factors to determine the fair value of the common stock and preferred stock (collectively equity). In determining the fair value of its equity, the Company used methodologies, approaches, and assumptions consistent with the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Practice Aid Series: Valuation of Privately Held Company Equity Securities Issued as Compensation* (the AICPA Practice Guide). The Company considered various objective and subjective factors, along with input from independent third-party valuation firms in connection with the common stock and preferred stock valuations. The factors considered for the equity stock valuations included (1) the achievement of technical and operational milestones by the Company; (2) the status of strategic relationships with collaborators; (3) the significant risks associated with the Company's stage of development; (4) capital market conditions for life science companies and, in particular, similarly situated, privately held, early-stage life science companies; (5) the Company's available cash, financial condition, and results of operations; (6) the most recent sales of the Company's capital stock to the extent they were with outside parties; and (7) the preferential rights of any outstanding preferred stock.

Fair Value Measurements

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 – This level consists of observable inputs such as quoted prices in active markets.

Level 2 – This level consists of inputs, other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 – This level consists of unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Financial liabilities that are measured at fair value on a recurring basis include the convertible notes and the warrant liabilities. None of the Company's non-financial assets or liabilities are recorded at fair value on a non-recurring basis. No transfers between levels have occurred during the periods presented. The carrying amounts of the Company's current assets and current liabilities, which are not measured at fair value on a recurring basis, are considered to be representative of their respective fair values because of the short-term nature of those accounts.

Liabilities measured at fair value on a recurring basis are as follows:

Description	As of December 31, 2023 Total	Level 1	Level 2	Level 3
Liabilities:				
Convertible notes	$ 327,969	$ —	$ —	$ 327,969
Warrant liabilities	790,215	—	—	790,215
Total liabilities at fair value	$ 1,118,184	$ —	$ —	$ 1,118,184

The following table provides a roll-forward of the liabilities measured at fair value on a recurring basis using Level 3 inputs for the year ended December 31, 2023:

	2023
Convertible Notes	
Balance as of beginning of period	$ —
Issuance	1,850,000
Conversion to preferred stock	(1,501,972)
Fair value change	(20,059)
Balance as of end of period	$ 327,969

	2023
Warrant liabilities	
Balance as of beginning of period	$ —-
Issuance	2,295,306
Exercise	(1,404,746)
Fair value change	(100,345)
Balance as of end of period	$ 790,215

The fair value of the convertible notes outstanding was based on both the estimated fair value of the Company's common stock, preferred stock and cash flow models discounted at the then current implied market rates evidenced in arms-length transactions representing expected returns by market participants for similar instruments during that period and were based on Level 3 inputs. The warrant liabilities were recorded at fair value utilizing an option pricing model using significant unobservable inputs consistent with the inputs used for the Company's stock-based compensation expense adjusted for the warrants' expected life and the fair value of the underlying preferred stock while outstanding.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related costs, including salaries, benefits and stock-based compensation costs, for personnel in functions not directly associated with research and development activities. Other significant costs include insurance coverage for directors and officers and other property and liability exposures, legal fees relating to intellectual property and corporate matters, professional fees for accounting and tax services, and other services provided by business consultants.

Research and Development

Research and development expenses consist of costs incurred in performing research and development activities, including compensation, benefits and stock-based compensation costs for research and development employees and costs for consultants, costs associated with nonclinical studies and clinical trials, regulatory activities, manufacturing activities to support clinical activities, license fees, nonlegal patent costs, and fees paid to external service providers that conduct certain research and development.

Property and Equipment

Property and equipment is recorded at cost and reduced by accumulated depreciation. Depreciation expense is recognized over the estimated useful lives of the assets using the straight-line method. The estimated useful life for equipment and furniture is generally five years. Tangible assets acquired for research and development activities and that have alternative use are capitalized over the useful life of the acquired asset. Estimated useful lives are periodically reviewed, and, when appropriate, changes are made prospectively. When certain events or changes in operating conditions occur, asset lives may be adjusted and an impairment assessment may be performed on the recoverability of the carrying amounts. Maintenance and repairs are charged directly to expense as incurred.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets, which consist of property and equipment and right-of-use assets for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. The Company assesses the recoverability of long-lived assets by determining whether or not the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

Leases

The Company leases are primarily for office spaces and equipment. The Company determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. The Company groups lease and non-lease components for its equipment leases into a single lease component.

Right-of-use ("ROU") assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses that are factored into the determination of the lease term, if it is reasonably certain that these options would be exercised by the Company. Lease assets are amortized over the lease term, unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. Certain of the Company's lease agreements include variable payments. Variable lease payments not dependent on an index or rate primarily consist of common area maintenance charges and are not included in the calculation of the ROU asset and lease liability and are expensed as incurred. In order to determine the present value of lease payments, the Company utilizes the risk free rate to calculate lease assets and liabilities.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company does not have leases where it is involved with the construction or design of an underlying asset. The Company has no material obligation for leases signed but not yet commenced as of December 31, 2023.

The Company has elected the practical expedient not to recognize leases with terms of 12 months or less on the balance sheet and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. Therefore, our short-term lease expense for the period does not reflect ongoing short-term lease commitments.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with the provisions of the Financial Accounting Standards Board ("FASB") ASC 718, *Compensation — Stock Compensation*. Accordingly, compensation costs related to equity instruments granted are recognized at the grant date fair value. The Company records forfeitures when they occur. Stock-based compensation arrangements to non-employees are accounted for in accordance with the applicable provisions of ASC 718.

Convertible Preferred Stock

The Company recorded all shares of convertible preferred stock, net of offering costs, for the amount of net cash proceeds remaining upon the allocation of fair value attributed to the warrants classified as a liability bundled in the transaction. The convertible preferred stock was recorded outside of stockholders' deficit because, in the event of certain deemed liquidation events considered not solely within the Company's control, such as a merger, acquisition or sale of all or substantially all of the Company's assets, the convertible preferred stock will become redeemable at the option of the holders. In the event of a change of control of the Company, proceeds received from the sale of such shares will be distributed in accordance with the liquidation preferences set forth in the Company's Second Amended and Restated Certificate of Incorporation unless the holders of convertible preferred stock had previously converted their shares of convertible preferred stock into shares of common stock. The Company has not adjusted the carrying value of the convertible preferred stock to their redemption values, since it is uncertain whether or when a redemption event will occur.

Warrant Liabilities

The Company issued freestanding warrants (the "Warrants") to purchase shares of its convertible preferred stock in connection with the June 2023 preferred stock financing. Since the underlying convertible preferred stock had contingent redemption features not under the control of the Company, the Warrants were classified as a liability in the accompanying balance sheet. The Company adjusts the carrying value of the Warrants to their estimated fair value at each reporting date, with any related increases or decreases in the fair value recorded to the change in instruments measured at fair value line item in the accompanying statement of operations and comprehensive loss.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued guidance (Accounting Standards Codification ("ASC") 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Company adopted ASC 842 effective January 1, 2022 and evaluated all of the Company's current leases.

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses*. The ASU sets forth a current expected credit loss (CECL) model which requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost and applies to some off-balance sheet credit exposures. The Company adopted this ASU on January 1, 2023 and it did not have a significant impact on its financial statements.

In August 2020, FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which, among other things, provides guidance on how to account for contracts on an entity's own equity. This ASU eliminates the beneficial conversion and cash conversion accounting models for convertible instruments. It also amends the accounting for certain contracts in an entity's own equity that are currently accounted for as derivatives because of specific settlement provisions. In addition, this ASU modifies how particular convertible instruments and certain contracts that may be settled in cash or shares impact the diluted earnings per share computation. The amendments in this ASU are effective for public business entities that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. The Company early adopted this ASU and the adoption did not have a material impact on its financial statements.

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09 *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which enhances income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This guidance also includes certain other amendments to improve the effectiveness of income tax disclosures. This ASU is effective for entities other than public business entities for annual periods beginning after December 15, 2025. The Company is currently evaluating the impact of adoption of this guidance on its financial statements.

2. Supplemental Balance Sheet Information

Prepaid and Other Current Assets

Prepaid and other current assets consist of the following:

	December 31, 2023
Security deposit	$ 112,710
Prepaids	14,433
Other	360
Total prepaids and other current assets	$ 127,503

Property and Equipment, net

Property and equipment held for use by category are presented in the following table:

	December 31, 2023
Lab equipment	$ 374,304
Total property and equipment	374,304
Less accumulated depreciation	(68,417)
Property and equipment, net	$ 305,887

Depreciation expense was $53,483 during the year ended December 31, 2023.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consist of the following:

	December 31, 2023
Lease obligation, short term	$ 114,424
Professional services	30,622
R&D services and supplies	548,666
Other	19,258
Total	$ 712,970

3. Commitments and Contingencies

Leases

The Company's noncancelable finance leases are accounted for under ASC 842 with terms of greater than 12 months. The Company leases lab equipment with terms of greater than 12 months and also leases office space in North Carolina with terms of 12 months or less. The Company has elected the practical expedient not to recognize leases with terms of 12 months or less on the balance sheet and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred.

The Company recognized right-of-use-assets as well as corresponding lease liabilities for the lab equipment with non-cancellable terms of greater than 12 months. The Company's lease liabilities represent the net present value of future lease payments utilizing a discount rates that correspond to the risk free rate.

The table below presents the lease-related assets and liabilities recorded on the balance sheets:

	December 31, 2023
Finance Leases	
Assets	
Financing lease right-of-use assets	$ 174,362
Liabilities	
Finance lease liabilities, current	$ 114,424
Finance lease liabilities, non-current	63,450
Total finance lease liabilities	$ 177,874
Weighted-average remaining lease term (years)	1.5
Weighted-average discount rate	3.9%

Lease Costs

The table below presents certain information related to the lease costs for operating and finance leases for year ended December 31, 2023:

Year Ended December 31,		2023
Operating Leases		
Short term leases included in operating expenses	$	181,994
Finance Leases		
Amortization of right-of-use assets		109,022
Interest on lease liabilities		8,885
Net operating and finance lease cost	$	299,901

The table below presents certain supplemental information related to the cash flows for finance leases recorded on the statements of cash flows:

		For the Year Ended December 31, 2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	$	8,885
Financing cash flows from finance leases	$	105,510
Lease assets obtained in exchange for lease liabilities	$	283,384

Undiscounted Cash Flows

The table below reconciles the undiscounted cash flows for the remaining years to the lease liabilities recorded on balance sheet as of December 31, 2023:

Calendar Year		**Finance Leases**
2024	$	118,941
2025		64,017
Total minimum lease payments		182,958
Less: amount of lease payments representing interest		(5,084)
Present value of future lease payments	$	177,874

Other

In the ordinary course of business, from time to time, the Company may be subject to a broad range of claims and legal proceedings that relate to contractual allegations, patent infringement and other claims. In addition, the Company from time to time may be committed to reimburse third parties for costs incurred associated with business development related transactions upon the achievement of certain milestones. The Company establishes accruals when applicable for matters and commitments which it believes losses are probable and can be reasonably estimated. To date, no loss contingency for such matters and potential commitments have been recorded. Although it is not possible to predict with certainty the outcome of these matters or potential commitments, the Company is of the opinion that the ultimate resolution of these matters and potential commitments will not have a material adverse effect on its results of operations or financial position.

4. Convertible Promissory Notes

May 2023 Convertible Notes

On May 9, 2023 and as amended on May 18, 2023, the Company entered into a Note Purchase Agreement (the “Financing”) with various investors of which the majority of the investors were also preferred stockholders of the Company. Under the Financing, unsecured convertible promissory notes (“May Convertible Notes”) were issued in the aggregate amount of $1,500,000. The maturity date of the May Convertible Notes was December 31, 2023.

The Company elected to account for the May Convertible Notes on a fair value basis under ASC 825 to comprehensively value and streamline the accounting for the embedded features that are recapped further below. The fair value change of the May Convertible Notes was recorded to the *change in instruments measured at fair value* line item in the statement of operations and comprehensive loss which amounted to an expense of $1,972.

Interest on outstanding principal amount was computed on a simple interest basis at the rate of two percent (2%) per annum upon issuance and continued until the May Convertible Notes were paid in full or converted. Interest was computed on the basis of a year of 360 days for the actual number of days elapsed. The May Convertible Notes were also subject to default provisions in the event of non-compliance resulting in the automatic acceleration of unpaid principal and interest.

Conversion of May Convertible Notes:

On June 5, 2023, the May Convertible Notes were converted upon the occurrence of the Series Seed Extension - Preferred Stock Financing (“Preferred Stock Financing“) under the Qualified Private Financing feature defined below. Since the conversion occurred under the original terms of the May Convertible Notes, the carrying amount of the May Convertible Notes at fair value were credited to the capital accounts. The fair value adjustment that occurred just prior to the conversion was recorded in the statement of operations and comprehensive loss in *the change in instruments measured at fair value* line item.

December 2023 Convertible Notes

On December 21, 2023, the Company entered into a Note Purchase Agreement (the “December Financing”) with an investor who was also a majority stockholder of the Company. Under the December Financing, unsecured convertible promissory notes (“December Convertible Notes”) for up to $850,000 in proceeds was provided under the agreement. As of December 31, 2023, a $350,000 note was issued under the December Financing. See Note 9 - Subsequent Events for additional note issuances and term modifications that occurred in calendar year 2024.

The Company elected to account for the December Convertible Notes on a fair value basis under ASC 825 to comprehensively value and streamline the accounting for the embedded features that are recapped further below.

The fair value change of the December Convertible Notes was recorded to the *change in instruments measured at fair value* line item in the statement of operations and comprehensive loss in the amount of a $22,031 gain.

The maturity date of the December Convertible Notes is at any time on or after the earlier to occur of a conversion or default event or March 31, 2024. The December Convertible Notes are also subject to default provisions in the event of non-compliance resulting in the automatic acceleration of unpaid principal and interest.

The rate of interest and other provisions under the December Convertible Notes mirror those of the May Convertible Notes, collectively the "Convertible Notes". Accrued interest attributed to the December Convertible Notes was $195 as of December 31, 2023 and was included as a component of the *change in instruments measured at fair value* line item in the statements of operations and comprehensive loss. Other major provisions of Convertible Notes are as follows:

- In the event the Company completes a Qualified Private Financing (as defined below), the then-outstanding principal amount of the note plus all accrued and previously unpaid interest would be automatically converted into fully paid and nonassessable shares of the preferred stock equity at a price per share equal to the product of (i) lowest price per share paid by investors (the "Per Share Price") for the shares of the Company's preferred stock sold in the Qualified Private Financing, multiplied by (ii) 80%, rounded down to the nearest whole share and otherwise on the terms and conditions provided to such investors in such Qualified Private Financing except for conversion pricing and dividend rates. A "Qualified Private Financing" means the first equity financing following the date hereof involving the sale by the Company of a new series of preferred stock in a single transaction or series of related transactions in which the Company receives an aggregate of at least $4,500,000 in cumulative gross proceeds, including the conversion of the Convertible Notes.

- At any time on or after the maturity date, the Company shall, at the election of the requisite holders, convert the note. The conversion would be equal to the then-outstanding principal amount of the note plus all accrued and previously unpaid interest hereunder divided by the original issue price of the Company's then-most senior class of equity, rounded down to the nearest whole share.

- In the event of a Change in Control (as defined below) prior to the maturity date or prior to the conversion of the note, the holder shall elect to receive at the closing of such Change in Control, either (A) an amount equal to the amount the holder would receive out of the proceeds of such Change in Control if, immediately prior to the closing of such Change in Control, the then-outstanding principal amount of the note plus all accrued and previously unpaid interest hereunder was converted into that number of fully paid and nonassessable shares of the Company's then most senior class of equity securities at a conversion price equal to the original issue price of such class of equity, or (B) immediately available funds equal to 200% of all unpaid principal and accrued interest then-outstanding under the note. The term "Change in Control" means a sale of the company as defined in that certain voting agreement, dated as of August 5, 2021.

5. Convertible Preferred Stock

In August 5, 2021, the Company entered into a purchase agreement (the "August 2021 Purchase Agreement") with certain investors to sell and issue Series Seed Preferred Stock, $0.00001 par value per share (the "**Series Seed** ") at a purchase price of $0.8972 per share. There was one tranche issued in August 2021 for 10,644,416 shares and a second tranche issued in July 2022 for 13,221,217 shares upon the achievement of certain milestones. Both tranches were issued under the same terms and conditions.

On June 5, 2023, the Company entered into an extended purchase agreement (the "Extended Purchase Agreement") with certain investors to sell and issue additional shares of Series Seed at $0.8972 per share (no change from the August 2021 Purchase Agreement). In addition, the May Convertible Notes (See Note 4 – Convertible Promissory Notes) were converted into Series Seed–1 Preferred Stock ("Series Seed -1") upon the initial close under the Extended Purchase Agreement. The Series Seed and Series Seed-1 have the same terms except for conversion pricing and dividend rates.

Lastly, in connection with the Extended Purchase Agreement, warrants (the "Warrants") to purchase a number of shares of the Company's Series Seed to equal 25% of the aggregate purchase price for the shares of Series Seed and Series Seed-1 that were issued. The per share exercise price of the Warrants is $0.01. See Note 6 - Warrants for further discussion of the Warrants.

The Series Seed and the Series Seed-1 are collectively referred to as "Preferred Stock".

The authorized, issued and outstanding shares of the Preferred Stock as of December 31, 2023 consisted of the following:

As of December 31, 2023						
Series	**Shares Authorized**	**Shares Issued and Outstanding**	**Per share Issue** Price	**Current Conversion Price**	**Liquidation Preference**	**Carrying Value**
Series Seed	56,053,000	30,303,594	$ 0.8972	$ 0.8972	$ 27,188,385	$ 21,261,745
Series Seed-1	2,135,000	2,092,116	$ 0.7178	$ 0.7178	1,501,721	1,318,461
Total	58,188,000	32,395,710			$ 28,690,106	$ 22,580,206

Preferred Stock Provisions

Dividends

The holders of outstanding shares of Preferred Stock are entitled to receive, only when, as and if declared by the Board, out of any funds and assets legally available therefor, on a pari passu basis, dividends (i) at the rate of $0.06 (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization) for each share of Series Seed, and (ii) at the rate of $0.048 (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization) for each share of Series Seed-1, prior and in preference to any declaration or payment of any other dividend (other than dividends on shares of common stock payable in shares of common stock). The right to receive dividends on shares of Preferred Stock are not cumulative, and no right to dividends shall accrue to holders of Preferred Stock by reason of the fact that dividends on said shares are not declared.

No dividends were declared by the Company through December 31, 2023.

Liquidation

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of shares of Preferred Stock then outstanding are entitled to be paid out of the assets of the Company available for distribution to its stockholders, and in the event of a deemed liquidation event, the holders of shares of Preferred Stock then outstanding shall be entitled to be paid out of the consideration payable to stockholders in such deemed liquidation event, as applicable, in each case on a pari passu basis, before any payment shall be made to the holders of common stock. The amount payable per share under this provision would equal the greater of (i) the applicable original issue price, plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of the applicable series of Preferred Stock been converted into common stock pursuant to immediately prior to such liquidation, dissolution, winding up or deemed liquidation event. If upon any such liquidation, dissolution or winding up of the Company or deemed liquidation event, the assets of the Company available for distribution to its stockholders shall be insufficient to pay the holders of shares of Preferred Stock the full amount to which they shall be entitled, the holders of shares of Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

Conversion

The holders of the Preferred Stock have conversion rights where each share of Preferred Stock is convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of common stock as is determined by dividing the applicable original issue price by the applicable Conversion Price (as defined below) in effect at the time of conversion. The Conversion Price for the Series Seed at issuance and as of December 31, 2023 was equal to $0.8972 (ii) and for the Series Seed-1 at issuance and as of December 31, 2023 was equal to $0.7178. The Conversion Price is subject to adjustment under certain dilution provisions discussed further below.

Voting Rights

On any matter presented to the stockholders of the Company for their action or consideration at any meeting of stockholders of the Company, each holder of outstanding shares of Preferred Stock are entitled to cast the number of votes equal to the number of whole shares of common stock into which the shares of Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of the Articles of Incorporation, holders of Preferred Stock shall vote together with the holders of common stock as a single class and on an as-converted to common stock basis. Lastly, as separate class, the Preferred Stock holders have voting rights on certain specific matters, including amendments to the Company's organizational documents, size of the Board, the creation or issuance of capital stock that is senior to the Series Seed and Series Seed-1, or on matters involving the issuance of certain debt securities.

The holders of record of the shares of Preferred Stock, exclusively and as a separate class on an as-converted basis, shall be entitled to elect three (3) directors of the Company and the holders of record of the shares of common stock, exclusively and as a separate class, shall be entitled to elect one (1) director of the Company.

Dilution

The Preferred Stock is subject to certain adjustments if additional shares of Common Stock are issued by the Company other than in the event of exempted issuances as defined in the Company's Second Amended and Restated Certificate of Incorporation.

Lastly, no adjustment in any Conversion Price shall be made as the result of the issuance or deemed issuance of additional shares of common stock if the Company receives written notice from the requisite holders agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such additional shares of common stock.

Mandatory Conversion

Upon either (a) the closing of the sale of shares of common stock to the public at a price of at least $4.486 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the common stock), in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least $25,000,000 of gross proceeds to the Company and in connection with such offering the common stock is listed for trading on the Nasdaq Stock Market's National Market, the New York Stock Exchange or another exchange or marketplace approved the Board, or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the requisite holders, then all outstanding shares of Preferred Stock shall automatically be converted into shares of common stock.

6. Warrants

In connection with the Extended Purchase Agreement discussed in Note 5 - Convertible Preferred Stock above, the Company issued Warrants to purchase 3,232,825 shares of the Company's Series Seed convertible preferred stock. The Warrants are freestanding. Since the Warrants are issuable into the underlying Series Seed where there are contingent redemption provisions, the Warrants were classified as a liability in the accompanying balance sheets. Warrants in the amount of 1,978,516 shares were exercised during calendar year 2023, and 1,254,309 Warrants remained outstanding as of December 31, 2023. The fair value change of the Warrants is recorded to the *change in instruments measured at fair value* line item in the statements of operations and comprehensive loss which amounted to a $100,345 benefit.

The per share exercise price of the Warrants is equal to $0.01, subject to adjustment pursuant hereto. The Warrants expire and shall no longer be exercisable as of the earlier of (a) the seven year anniversary of the issuance date; (b) immediately prior to a deemed liquidation event, or (c) immediately prior to the closing of a firm commitment underwritten initial public offering pursuant to an effective registration statement filed under the Securities Act covering the offering and sale of the Company's common stock.

An option pricing model was used to estimate the aggregate fair value of the Warrants. Input assumptions used were as follows on June 5, 2023 and December 31, 2023: risk-free interest rate of 4.1 % as of both dates; expected volatility of 91% and 93%; respectively; expected life of 3.1 years and 2.5 years, respectively; and expected dividend yield zero percent for both dates. The underlying equity value used was the fair value based on the Company's Series Seed valuations effective on June 5, 2023 and December 31, 2023 which amounted to $0.72 and $0.64, respectively. The aggregate fair value of the Warrants was $2,295,306 upon issuance and was recorded as a long term liability on the accompanying balance sheets.

7. Stock-based Compensation

Stock-based compensation expense was included in general and administrative and research and development costs as follows in the accompanying statement of operations and comprehensive loss for the year ended:

		2023
General and administrative	$	218,484
Research and development		32,331
Total stock-based compensation	$	250,815

2021 Equity Incentive Plan

On January 7, 2021, the stockholders of the Company approved the 2021 Stock Option Plan (the "2021 Plan") for the issuance of stock options. Under the 2021 Plan, 5,576,465 shares of common stock were reserved for the granting of incentive and nonstatutory stock options.

During the year ended December 31, 2023, 1,682,957 stock options were granted to officers, directors, employees and consultants, respectively, generally vesting over a twelve (12) to forty-eight (48) month period.

The following table summarizes the Company's stock option plan activity:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value(1)
Outstanding at December 31, 2022	2,948,718	$ 0.240	9.55	$ —
Granted	1,682,957	$ 0.248		
Exercised	(21,500)	$ 0.240		
Forfeited	(1,145,487)	$ 0.240		
Outstanding at December 31, 2023	3,464,688	$ 0.244	9.05	$ 124,494
Vested and expected to vest at December 31, 2023	3,464,688	$ 0.244	9.05	$ 124,494
Vested and exercisable at December 31, 2023	835,976	$ 0.240	8.48	$ 33,439

(1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying options and the fair value of common stock as of December 31, 2023 and 2022 of $0.28 and $.0.24 per share, respectively.

The weighted average fair value per share of options granted during the year ended December 31, 2023 was $0.246. The Company measures the fair value of stock options with service-based vesting criteria to employees, directors and consultants on the date of grant using the Black-Scholes option pricing model. The Company does not have adequate history to support an internal calculation of volatility and expected term. As such, the Company has used a weighted average volatility considering the volatilities of several guideline companies.

For purposes of identifying similar entities (guideline companies), the Company considered characteristics such as industry, length of trading history, and stage of life cycle. The average expected life of the options was based on the contractual term for agreements that allow for exercise of vested options through the end of the contractual term upon termination of continuous service, and for all other agreements, was based on the mid-point between the vesting date and the end of the contractual term according to the "simplified method" as described in Staff Accounting Bulletin 110. The risk-free interest rate is determined by reference to implied yields available from U.S. Treasury securities with a remaining term equal to the expected life assumed at the date of grant. The Company records forfeitures when they occur. The assumed dividend yield was based on the Company's expectation of not paying dividends in the foreseeable future. The weighted average assumptions used in the Black-Scholes option pricing model are as follows during the year ended December 31, 2023:

	2023
Expected stock price volatility	84.9%
Expected life of options (years)	5.6
Expected dividend yield	—%
Risk free interest rate	4.2%

During the year ended December 31, 2023, 802,833 stock options vested. The weighted average fair value per share of options vesting during the year ended December 31, 2023 ranged from $0.17 to $0.18. During the year ended December 31, 2023, 21,500 stock options were exercised with no intrinsic value.

Unrecognized stock-based compensation cost was $422,068 as of December 31, 2023. The unrecognized stock-based compensation cost is expected to be recognized over a weighted average period of 1.5 years. As of December 31, 2023, 2,090,277 shares in the aggregate were available for future issuance under the 2021 Plan and Inducement Plan.

8. Income Taxes

The effective tax rate for the year ended December 31, 2023 was zero percent.

A reconciliation of income tax computed at the statutory federal income tax rate to the provision (benefit) for income taxes included in the accompanying statement of operations and comprehensive loss is as follows for the year ended December 31, 2023:

	2023
Income tax (benefit) provision at federal statutory rate	(21.0)%
Valuation allowance	23.4
State income tax, net of federal benefit	(2.4)
Stock options	0.2
Other	(0.2)
Effective tax rate	0.0%

The components of income tax provision (benefit) consisted of the following for the year ended December 31, 2023:

	2023
Loss before income taxes	$ (9,749,175)
Current:	
Federal	$ —
State	—
Total current tax provision (benefit)	—
Deferred:	
Federal	—
State	—
Total tax provision (benefit)	$ —

Significant components of the Company's deferred tax assets and liabilities are summarized in the tables below as of December 31, 2023:

	2023
Deferred tax assets:	
Federal operating loss carryforwards	$ 2,239,680
State operating loss carryforwards	252,764
Deferral of research and development costs	3,330,760
Stock-based compensation	35,505
Leases	41,569
Charity	2,501
Subtotal	5,902,779
Valuation allowance	(5,836,051)
Total deferred tax assets, net of valuation allowance	66,728
Deferred tax liabilities:	
Prepaids	(3,344)
Fixed assets and right-of-use assets	(63,384)
Total deferred tax liabilities	(66,728)
Net deferred tax assets	$ —

As of December 31, 2023, the Company had gross deferred tax assets of approximately $5.9 million. Realization of the deferred tax assets is primarily dependent upon future taxable income, if any, the amount and timing of which are uncertain. The Company has cumulative pre-tax losses and faces significant challenges to becoming profitable in the future. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance of $5.8 million as of December 31, 2023. U.S. net deferred tax assets will continue to require a valuation allowance until the Company can demonstrate their realizability through sustained profitability or another source of income.

As of December 31, 2023, the tax effect of the Company's federal net operating loss carryforwards was approximately $2.2 million. The Company did not have any federal research credit carryforwards as of December 31, 2023. The federal net operating loss carryforwards will not expire. As of December 31, 2023, the Company had state net operating loss carryforwards with a tax effect of approximately $0.3 million. The Company did not have state research credit carryforwards as of December 31, 2023. The state net operating loss carryforwards will begin to expire in 2037.

As a result of the Acquisition (see Note 9- Subsequent Events), utilization of the net operating loss carryforwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by Section 382 and Section 383 of the Internal Revenue Code of 1986, as amended, and similar state provisions. Generally, in addition to certain entity reorganizations, the limitation applies when one or more "5-percent shareholders" increase their ownership, in the aggregate, by more than 50 percentage points over a 3 year testing period, or beginning the day after the most recent ownership change, if shorter. The Company has not yet evaluated the impact of Section 382 and Section 383 on its remaining tax attributes that were generated by Opus since the formation of the Company in 2021.

The Company recognizes interest and/or penalties related to uncertain tax positions in income tax expense. There were no uncertain tax positions as of December 31, 2023, and as such, no interest or penalties were recorded to income tax expense.

The Company's corporate returns are subject to examination beginning with the 2021 tax year for federal and state income tax purposes.

9. Subsequent Events

For the purposes of the financial statements as of December 31, 2023 and the year then ended, the Company has completed an evaluation of all subsequent events through January 7, 2025, the date the financial statements were issued. The Company has concluded that the following events or transactions below require disclosure.

Issuance and Modification of Convertible Promissory Notes

The Company issued additional convertible promissory notes in the amount of $3,947,000 through September 30, 2024. The terms of the convertible notes were amended at various points between March 8, 2024 and August 30, 2024 which included the extension of the maturity date to December 31, 2024 and resulted in the increase in the rate of interest from 2.0 percent to 8.0 percent.

Further on March 8, 2024, warrant coverage was provided to all current noteholders with outstanding amounts and to new investors subsequent to that date. Each noteholder is entitled to warrants equal to 25% of the original principal amount of the corresponding note purchased divided by $0.8972 (the original purchase price per share of the Series Seed). In addition, via amendments to the note purchase agreement through August 30, 2024, the note financing was increased to a maximum of $7,000,000 in proceeds through December 31, 2024.

Acquisition by Ocuphire Pharma, Inc.

October 22, 2024, Ocuphire acquired Opus in accordance with the terms of a Merger Agreement. The Merger was intended to constitute an integrated transaction that qualified as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986 for U.S. federal income tax purposes.

Following the Merger, Ocuphire was renamed as Opus Genetics, Inc., effective October 23, 2024.

Under the terms of the Merger Agreement, at the closing of the Merger, Ocuphire issued to the securityholders of Opus 5,237,063 shares of the common stock of Ocuphire, par value $0.0001 per share (the "Common Stock"), and 14,145.374 shares of preferred stock, par value $0.0001 per share, designated as Series A Non-Voting Convertible Preferred Stock ("Series A Preferred Stock"), each share of which is convertible into 1,000 shares of Common Stock, subject to certain conditions, including the approval of such conversion by Ocuphire's stockholders.

Exhibit 99.2

Opus Genetics Inc.

Condensed Financial Statements
For the Nine Months Ended September 30, 2024

Opus Genetics Inc.

INDEX TO CONDENSED FINANCIAL STATEMENTS

Opus Genetics Inc.
Condensed Balance Sheets

	As of	
	September 30, 2024	December 31, 2023
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 1,503,291	$ 180,422
Prepaids and other current assets	78,683	127,503
Total current assets	1,581,974	307,925
Right-of-use assets	89,347	174,362
Property and equipment, net	265,774	305,887
Total assets	$ 1,937,095	$ 788,174
Liabilities, convertible preferred stock and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 883,735	$ 1,038,453
Accrued expenses and other liabilities	92,856	712,970
Promissory Note	314,504	—
Convertible notes	4,338,024	327,969
Total current liabilities	5,629,119	2,079,392
Lease liability, long term	—	63,450
Warrant liabilities	1,555,345	790,215
Total liabilities	7,184,464	2,933,057
Commitments and contingencies (Note 3)		
Convertible preferred stock, $0.00001 par value; 58,188,000 shares authorized as of September 30, 2024 and December 31, 2023, 32,504,331 and 32,395,710 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively; liquidation preference $ 28,787,491 and $28,690,106 as of September 30, 2024 and December 31, 2023, respectively.	22,580,206	22,580,206
Stockholders' deficit:		
Common stock, par value $0.00001; 71,102,000 shares authorized as of September 30, 2024 and December 31, 2023; 6,304,141 and 6,256,789 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively.	62	62
Additional paid-in capital	615,187	334,720
Accumulated deficit	(28,442,824)	(25,059,871)
Total stockholders' deficit	(27,827,575)	(24,725,089)
Total liabilities, convertible preferred stock and stockholders' deficit	$ 1,937,095	$ 788,174

See accompanying notes.

Opus Genetics Inc.
Condensed Statement of Operations and Comprehensive Loss
(unaudited)

	For the Nine Months Ended September 30, 2024
Operating expenses:	
General and administrative	$ 1,790,312
Research and development	936,397
Total operating expenses	2,726,709
Loss from operations	(2,726,709)
Financing costs	(105,821)
Interest expense	(5,316)
Change in instruments measured at fair value	(722,364)
Other income, net	177,257
Loss before income taxes	(3,382,953)
Provision for income taxes	—
Net loss	(3,382,953)
Other comprehensive loss, net of tax	—
Comprehensive loss	$ (3,382,953)

See accompanying notes.

Opus Genetics Inc.
Condensed Statement of Changes in Convertible Preferred Stock and Stockholders' Deficit
(unaudited)

	Convertible Preferred Stock		Common Stock		Additional Paid–In Capital	Accumulated Deficit	Total Deficit
	Shares	Amount	Shares	Amount			
Balance at December 31, 2023	32,395,710	$ 22,580,206	6,256,789	$ 62	$ 334,720	$ (25,059,871)	$ (24,725,089)
Issuance of convertible preferred stock	108,621	—	—	—	—	—	—
Issuance of common stock	—	—	47,352	—	—	—	—
Stock–based compensation	—	—	—	—	280,467	—	280,467
Net loss	—	—	—	—	—	(3,382,953)	(3,382,953)
Balance at September 30, 2024	32,504,331	$ 22,580,206	6,304,141	$ 62	$ 615,187	$ (28,442,824)	$ (27,827,575)

See accompanying notes.

Opus Genetics Inc.
Condensed Statement of Cash Flows
(unaudited)

	For the Nine Months Ended September 30, 2024
Operating activities	
Net loss	$ (3,382,953)
Adjustments to reconcile net loss to net cash used in operating activities:	
Stock-based compensation	280,467
Depreciation	40,113
Change in instruments measured at fair value - convertible notes	715,672
Change in instruments measured at fair value - warrants	6,692
Financing cost (non-cash)	105,821
Lease expense	85,015
Change in assets and liabilities:	
Prepaid expenses and other assets	48,820
Accounts payable	(154,718)
Accrued expenses and other liabilities	(283,661)
Net cash used in operating activities	(2,538,732)
Investing activities	
Net cash used in investing activities	—
Financing activities	
Proceeds from issuance of convertible preferred stock	—
Issuance costs attributed to convertible preferred stock	—
Issuance of convertible notes	3,294,383
Issuance of warrants	652,617
Finance lease payment	(85,399)
Exercise of warrants	—
Exercise of stock options	—
Net cash provided by financing activities	3,861,601
Net increase (decrease) in cash and cash equivalents	1,322,869
Cash and cash equivalents at beginning of period	180,422
Cash and cash equivalents at end of period	$ 1,503,291
Supplemental disclosure of cash flow information:	
Cash paid for income taxes	$ —
Cash paid for interest	$ 3,807
Supplemental non-cash financing transactions:	
Issuance of warrants for no consideration	$ 105,821

See accompanying notes.

1. Company Description and Summary of Significant Accounting Policies

Nature of Business

Opus Genetics Inc. (the "Company" or "Opus") was a privately-owned clinical-stage gene therapy company for inherited retinal diseases from its inception through September 30, 2024. The Company was formed as a Delaware corporation on January 7, 2021 and is headquartered in Durham, North Carolina. The Company has not generated any revenues since inception and has never engaged in revenue-producing operations.

Acquisition by Ocuphire Pharma, Inc.

October 22, 2024, Ocuphire Pharma, Inc. ("Ocuphire") acquired Opus (the "Merger") in accordance with the terms of a merger agreement ("Merger Agreement"). Following the Merger, Ocuphire was renamed as Opus Genetics, Inc., effective October 23, 2024. For more information, see Note 10 – Subsequent Events.

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to such rules and regulations. The condensed financial statements may not include all disclosures required by GAAP; however, the Company believes that the disclosures are adequate to make the information presented not misleading. These unaudited condensed financial statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2023. The condensed balance sheet at December 31, 2023 was derived from the audited financial statements of the Company.

In the opinion of management, all adjustments, consisting of only normal recurring adjustments that are necessary to present fairly the financial position, results of operations, and cash flows for the interim periods, have been made. The results of operations for the interim periods are not necessarily indicative of the operating results for the full fiscal year or any future periods.

The Company does not have any subsidiaries or other entities that require consolidation for financial statement reporting purposes.

Liquidity

From its inception through September 30, 2024, the Company had devoted substantially all its resources to organizational and staffing activities, business planning, raising capital, and acquiring, developing and general and administrative support activities. The Company incurred losses and negative cash flows from operations since inception and had an accumulated deficit of $28.4 million as of September 30, 2024. Since inception through September 30, 2024, the Company had funded operations primarily with the net proceeds from the issuance of preferred equity securities, convertible promissory notes and to a lesser extent, from the issuance of common stock. The Company will require additional capital to continue research and development programs, including progressing clinical product candidates to commercialization. The Company had cash and cash equivalents of $1,503,291. The Company was acquired by Ocuphire in October 2024 (the "Acquisition"). See Note 9 – Subsequent Events. In association, with the Acquisition, the Company became a wholly owned entity. Accordingly, as a result of the Acquisition, the Company believes they will have sufficient funds to meet the obligations as they come due at least for a period of twelve months from the date of the issuance of these financial statements. In the longer term, the Company will have to continue to generate additional capital to meet the needs through sources such as new and existing collaborations and related license and milestones, the sale of equity securities, grant-funding opportunities, deferring certain discretionary costs and staging certain development costs, as needed.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of 90 days or less at the time of deposit to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents. Management follows approved policies established by the Company's Board of Directors (the "Board") to reduce credit risk associated with the Company's cash deposit and investment accounts. Pursuant to these policies, the Company limits its exposure through the kind, quality and concentration of its investments. The Company's cash and cash equivalents are held or managed by one financial institutions in the United States. As of September 30, 2024, the Company had $1,270,066 cash and cash equivalents that exceeded eligible for coverage by Federal Deposit Insurance Corporation ("FDIC").

Fair Value of Common Stock and Preferred Stock

In the absence of a public trading market as a company with no significant revenues, the Company considered a range of factors to determine the fair value of the common stock and preferred stock (collectively equity). In determining the fair value of its equity, the Company used methodologies, approaches, and assumptions consistent with the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Practice Aid Series: Valuation of Privately Held Company Equity Securities Issued as Compensation* (the AICPA Practice Guide). The Company considered various objective and subjective factors, along with input from independent third-party valuation firms in connection with the common stock and preferred stock valuations. The factors considered for the equity stock valuations included (1) the achievement of technical and operational milestones by the Company; (2) the status of strategic relationships with collaborators; (3) the significant risks associated with the Company's stage of development; (4) capital market conditions for life science companies and, in particular, similarly situated, privately held, early-stage life science companies; (5) the Company's available cash, financial condition, and results of operations; (6) the most recent sales of the Company's capital stock to the extent they were with outside parties; and (7) the preferential rights of any outstanding preferred stock.

Fair Value Measurements

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 – This level consists of observable inputs such as quoted prices in active markets.

Level 2 – This level consists of inputs, other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 – This level consists of unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Financial liabilities that are measured at fair value on a recurring basis include the convertible notes and the warrant liabilities. None of the Company's non-financial assets or liabilities are recorded at fair value on a non-recurring basis. No transfers between levels have occurred during the periods presented. The carrying amounts of the Company's current assets and current liabilities, which are not measured at fair value on a recurring basis, are considered to be representative of their respective fair values because of the short-term nature of those accounts.

Liabilities measured at fair value on a recurring basis are as follows:

	As of September 30, 2024			
Description	**Total**	**Level 1**	**Level 2**	**Level 3**
Liabilities:				
Convertible notes	$ 4,338,024	$ —	$ —	$ 4,338,024
Warrant liabilities	1,555,345	—	—	1,555,345
Total liabilities at fair value	$ 5,893,369	$ —	$ —	$ 5,893,369

	As of December 31, 2023			
Description	**Total**	**Level 1**	**Level 2**	**Level 3**
Liabilities:				
Convertible notes	$ 327,969	$ —	$ —	$ 327,969
Warrant liabilities	790,215	—	—	790,215
Total liabilities at fair value	$ 1,118,184	$ —	$ —	$ 1,118,184

The following table provides a roll-forward of the liabilities measured at fair value on a recurring basis using Level 3 inputs for the nine months ended September 30, 2024:

	2024
Convertible Notes	
Balance as of beginning of period	$ 327,969
Issuance	3,294,383
Conversion to preferred stock	—
Fair value change	715,672
Balance as of end of period	$ 4,338,024

	2024
Warrant liabilities	
Balance as of beginning of period	$ 790,215
Issuance	758,438
Exercise	—
Fair value change	6,692
Balance as of end of period	$ 1,555,345

The fair value of the convertible notes outstanding was based on both the estimated fair value of the Company's common stock, preferred stock and cash flow models discounted at the then current implied market rates evidenced in arms-length transactions representing expected returns by market participants for similar instruments during that period and were based on Level 3 inputs. The warrant liabilities were recorded at fair value utilizing an option pricing model using significant unobservable inputs consistent with the inputs used for the Company's stock-based compensation expense adjusted for the warrants' expected life and the fair value of the underlying preferred stock while outstanding.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related costs, including salaries, benefits and stock-based compensation costs, for personnel in functions not directly associated with research and development activities. Other significant costs include insurance coverage for directors and officers and other property and liability exposures, legal fees relating to intellectual property and corporate matters, professional fees for accounting and tax services and other services provided by business consultants.

Research and Development

Research and development expenses consist of costs incurred in performing research and development activities, including compensation, benefits and stock-based compensation costs for research and development employees and costs for consultants, costs associated with nonclinical studies and clinical trials, regulatory activities, manufacturing activities to support clinical activities, license fees, nonlegal patent costs, and fees paid to external service providers that conduct certain research and development.

Property and Equipment

Property and equipment is recorded at cost and reduced by accumulated depreciation. Depreciation expense is recognized over the estimated useful lives of the assets using the straight-line method. The estimated useful life for equipment and furniture is generally five years. Tangible assets acquired for research and development activities and that have alternative use are capitalized over the useful life of the acquired asset. Estimated useful lives are periodically reviewed, and, when appropriate, changes are made prospectively. When certain events or changes in operating conditions occur, asset lives may be adjusted and an impairment assessment may be performed on the recoverability of the carrying amounts. Maintenance and repairs are charged directly to expense as incurred.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets, which consist of property and equipment and right-of-use assets for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. The Company assesses the recoverability of long-lived assets by determining whether or not the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

Leases

The Company leases are primarily for office spaces and equipment. The Company determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. The Company groups lease and non-lease components for its equipment leases into a single lease component.

Right-of-use ("ROU") assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses that are factored into the determination of the lease term, if it is reasonably certain that these options would be exercised by the Company. Lease assets are amortized over the lease term, unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. Certain of the Company's lease agreements include variable payments. Variable lease payments not dependent on an index or rate primarily consist of common area maintenance charges and are not included in the calculation of the ROU asset and lease liability and are expensed as incurred. In order to determine the present value of lease payments, the Company utilizes the risk free rate to calculate lease assets and liabilities.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company does not have leases where it is involved with the construction or design of an underlying asset.

The Company has elected the practical expedient not to recognize leases with terms of 12 months or less on the balance sheet and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. Therefore, our short-term lease expense for the period does not reflect ongoing short-term lease commitments.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with the provisions of the Financial Accounting Standards Board ("FASB") ASC 718, *Compensation — Stock Compensation.* Accordingly, compensation costs related to equity instruments granted are recognized at the grant date fair value. The Company records forfeitures when they occur. Stock-based compensation arrangements to non-employees are accounted for in accordance with the applicable provisions of ASC 718.

Convertible Preferred Stock

The Company recorded all shares of convertible preferred stock, net of offering costs, for the amount of net cash proceeds remaining upon the allocation of fair value attributed to the warrants classified as a liability bundled in the transaction. The convertible preferred stock was recorded outside of stockholders' deficit because, in the event of certain deemed liquidation events considered not solely within the Company's control, such as a merger, acquisition or sale of all or substantially all of the Company's assets, the convertible preferred stock will become redeemable at the option of the holders. In the event of a change of control of the Company, proceeds received from the sale of such shares will be distributed in accordance with the liquidation preferences set forth in the Company's Second Amended and Restated Certificate of Incorporation unless the holders of convertible preferred stock had previously converted their shares of convertible preferred stock into shares of common stock. The Company has not adjusted the carrying value of the convertible preferred stock to their redemption values, since it is uncertain whether or when a redemption event will occur.

Warrant Liabilities

The Company issued freestanding warrants (the "Warrants") to purchase shares of its convertible preferred stock in connection with the June 2023 preferred stock financing. Since the underlying convertible preferred stock had contingent redemption features not under the control of the Company, the Warrants were classified as a liability in the accompanying balance sheets. The Company adjusts the carrying value of the Warrants to their estimated fair value at each reporting date, with any related increases or decreases in the fair value recorded to the change in instruments measured at fair value line item in the accompanying condensed statements of operations and comprehensive loss.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09 *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which enhances income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This guidance also includes certain other amendments to improve the effectiveness of income tax disclosures. This ASU is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years and should be applied on a prospective basis, with retrospective application permitted. The Company is currently evaluating the impact of adoption of this guidance on its financial statements.

2. Supplemental Balance Sheet Information

Prepaid and Other Current Assets

Prepaid and other current assets consist of the following:

	As of	
	September 30, 2024	December 31, 2023
Security deposit	$ 70,710	$ 112,710
Prepaids	6,613	14,433
Other	360	360
Total prepaids and other current assets	$ 78,683	$ 127,503

Property and Equipment, net

Property and equipment held for use by category are presented in the following table:

	As of	
	September 30, 2024	December 31, 2023
Lab equipment	$ 374,304	$ 374,304
Total property and equipment	374,304	374,304
Less accumulated depreciation	(108,530)	(68,417)
Property and equipment, net	$ 265,774	$ 305,887

Depreciation expense was $40,113 during each of the nine months ended September 30, 2024.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consist of the following:

	December 31,	
	September 30, 2024	December 31, 2023
Lease obligation, short term	$ 92,475	$ 114,424
Professional services	—	30,622
R&D services and supplies	—	548,666
Other	381	19,258
Total	$ 92,856	$ 712,970

3. Commitments and Contingencies

Leases

The Company's noncancelable finance leases are accounted for under ASC 842 with terms of greater than 12 months. The Company leases lab equipment with terms of greater than 12 months and also leases office space in North Carolina with terms of 12 months or less. The Company has elected the practical expedient not to recognize leases with terms of 12 months or less on the balance sheet and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred.

The Company recognized right-of-use-assets as well as corresponding lease liabilities for the lab equipment with non-cancellable terms of greater than 12 months. The Company's leases liabilities represents the net present value of future lease payments utilizing a discount rates that correspond to the risk free rate.

The table below presents the lease-related assets and liabilities recorded on the balance sheets:

	As of	
	September 30, 2024	December 31, 2023
Finance Leases		
Assets		
Financing lease right-of-use assets	$ 89,347	$ 174,362
Liabilities		
Finance lease liabilities, current	$ 92,475	$ 114,424
Finance lease liabilities, non-current	—	63,450
Total finance lease liabilities	$ 92,475	$ 177,874
Weighted-average remaining lease term (years)	0.8	1.5
Weighted-average discount rate	3.9%	3.9%

Lease Costs

The table below presents certain information related to the lease costs for operating and finance leases for the nine months ended September 30, 2024:

For the Nine Months Ended September 30,		
		2024
Operating Leases		
Short term leases included in operating expenses	$	5,396
Finance Leases		
Amortization of right-of-use assets		85,015
Interest on lease liabilities		3,807
Net operating and finance lease cost	$	94,218

The table below presents certain supplemental information related to the cash flows for finance leases recorded on the statements of cash flows:

		2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	$	3,807
Financing cash flows from finance leases	$	85,399
Lease assets obtained in exchange for lease liabilities	$	—

Undiscounted Cash Flows

The table below reconciles the undiscounted cash flows for the remaining years to the lease liabilities recorded on balance sheet as of September 30, 2024:

Calendar Year		**Finance Leases**
2024 (October – December)	$	29,736
2025		64,016
Total minimum lease payments		93,752
Less: amount of lease payments representing interest		(1,277)
Present value of future lease payments	$	92,475

Other

In the ordinary course of business, from time to time, the Company may be subject to a broad range of claims and legal proceedings that relate to contractual allegations, patent infringement and other claims. In addition, the Company from time to time may be potentially committed to reimburse third parties for costs incurred associated with business development related transactions upon the achievement of certain milestones. The Company establishes accruals when applicable for matters and commitments which it believes losses are probable and can be reasonably estimated. To date, no loss contingency for such matters and potential commitments have been recorded. Although it is not possible to predict with certainty the outcome of these matters or potential commitments, the Company is of the opinion that the ultimate resolution of these matters and potential commitments will not have a material adverse effect on its results of operations or financial position.

4. Promissory Note

On August 28, 2024, the Company entered into a promissory note arrangement in the amount of $312,995 with one of its service providers to formalize payment arrangements associated with unpaid services to date. The rate of interest is equal to five and a half percent (5.5%) per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. All unpaid principal, together with unpaid interest, is due and payable on the earliest of (i) August 8, 2026 (ii) the closing of a debt financing or equity financing, (iii) the closing of a change of control transaction, (iv) the Company becomes cash flow positive and is in a position to make payment on the outstanding invoices to the holder, or (v) the occurrence of an event of default. If all unpaid principal and accrued interest shall not be paid when otherwise due, the interest rate per annum on this note shall increase from five and a half percent (5.5%) per annum to seven percent (7%) per annum. Interest recorded during the nine months ended September 30, 2024 amounted to $1,509.

5. Convertible Promissory Notes

The Company issued additional convertible promissory notes (principal amount of $3,947,000) during the nine month period ended September 30, 2024 (the "Convertible Notes"). Interest on outstanding principal amount was initially computed on a simple interest basis at a rate of two percent (2%) per annum. Interest is computed on the basis of a year of 360 days for the actual number of days elapsed. The Convertible Notes are also subject to default provisions in the event of non-compliance resulting in the automatic acceleration of unpaid principal and interest.

The terms of the Convertible Notes were amended at various points between March 8, 2024 and August 30, 2024 which included the extension of the maturity date to December 31, 2024 and resulted in the increase in the rate of interest from 2.0 percent to 8.0 percent.

The Company elected to account for the Convertible Notes on a fair value basis under ASC 825 to comprehensively value and streamline the accounting for the embedded features that are recapped further below. The fair value change of the Convertible Notes was recorded to the *change in instruments measured at fair value* line item in the condensed statement of operations and comprehensive loss which amounted to an expense of $715,672.

Further, on March 8, 2024, warrant coverage was provided to all current noteholders with outstanding amounts and to new investors subsequent to that date. Each noteholder is entitled to warrants equal to 25% of the original principal amount of the corresponding note purchased divided by $0.8972 (the original purchase price per share of the Series Seed Preferred Stock, $0.00001 par value per share (the "Series Seed")). In addition, via amendments to the note purchase agreement through August 30, 2024, the note financing was increased to a maximum of $7,000,000 in proceeds through December 31, 2024.

Other major provisions of Convertible Notes are as follows:

- In the event the Company completes a Qualified Private Financing (as defined below), the then-outstanding principal amount of the note plus all accrued and previously unpaid interest would be automatically converted into fully paid and nonassessable shares of the preferred stock equity at a price per share equal to the product of (i) lowest price per share paid by investors (the "Per Share Price") for the shares of the Company's preferred stock sold in the Qualified Private Financing, multiplied by (ii) 80%, rounded down to the nearest whole share and otherwise on the terms and conditions provided to such investors in such Qualified Private Financing except for conversion pricing and dividend rates. A "Qualified Private Financing" means the first equity financing following the date hereof involving the sale by the Company of a new series of preferred stock in a single transaction or series of related transactions in which the Company receives an aggregate of at least $4,500,000 in cumulative gross proceeds, including the conversion of the Convertible Notes.

- At any time on or after the maturity date, the Company shall, at the election of the requisite holders, convert the note. The conversion would be equal to the then-outstanding principal amount of the note plus all accrued and previously unpaid interest hereunder divided by the original issue price of the Company's then-most senior class of equity, rounded down to the nearest whole share.

- In the event of a Change in Control (as defined below) prior to the maturity date or prior to the conversion of the note, the holder shall elect to receive at the closing of such Change in Control, either (A) an amount equal to the amount the holder would receive out of the proceeds of such Change in Control if, immediately prior to the closing of such Change in Control, the then-outstanding principal amount of the note plus all accrued and previously unpaid interest hereunder was converted into that number of fully paid and nonassessable shares of the Company's then most senior class of equity securities at a conversion price equal to the original issue price of such class of equity, or (B) immediately available funds equal to 200% of all unpaid principal and accrued interest then-outstanding under the note. The term "Change in Control" means a sale of the company as defined in that certain voting agreement, dated as of August 5, 2021.

6. Convertible Preferred Stock

In August 5, 2021, the Company entered into a purchase agreement (the "August 2021 Purchase Agreement") with certain investors to sell and issue Series Seed at a purchase price of $0.8972 per share. A total of 23,865,633 Series Seed was issued under the August 2021 Purchase Agreement.

On June 5, 2023, the Company entered into an extended purchase agreement (the "Extended Purchase Agreement") with certain investors to sell and issue additional shares of Series Seed at $0.8972 per share (no change from the August 2021 Purchase Agreement). In addition, the May Convertible Notes (See Note 5 – Convertible Promissory Notes) were converted into Series Seed–1 Preferred Stock ("Series Seed-1") upon the initial close under the Extended Purchase Agreement. The Series Seed and Series Seed-1 have the same terms except for conversion pricing and dividend rates. A total of 6,546,195 Series Seed shares and 2,092,503 of Series Seed-1 shares were issued under the Extended Purchase Agreement.

Lastly, in connection with the Extended Purchase Agreement, warrants (the "Warrants") to purchase a number of shares of the Company's Series Seed to equal 25% of the aggregate purchase price for the shares of Series Seed and Series Seed-1 that were issued. The per share exercise price of the Warrants is $0.01. See Note 7 - Warrants for further discussion of the Warrants.

The Series Seed and the Series Seed-1 are collectively referred to as "Preferred Stock".

The authorized, issued and outstanding shares of the Preferred Stock as of September 30, 2024 and December 31, 2023 consisted of the following:

As of September 30, 2024

Series	Shares Authorized	Shares Issued and Outstanding	Per share Issue Price	Current Conversion Price	Liquidation Preference	Carrying Value
Series Seed	56,053,000	30,411,828	$ 0.8972	$ 0.8972	$ 27,285,492	$ 21,261,745
Series Seed-1	2,135,000	2,092,503	$ 0.7178	$ 0.7178	1,501,999	1,318,461
Total	58,188,000	32,504,331			$ 28,787,491	$ 22,580,206

As of December 31, 2023

Series	Shares Authorized	Shares Issued and Outstanding	Per share Issue Price	Current Conversion Price	Liquidation Preference	Carrying Value
Series Seed	56,053,000	30,303,594	$ 0.8972	$ 0.8972	$ 27,188,385	$ 21,261,745
Series Seed-1	2,135,000	2,092,116	$ 0.7178	$ 0.7178	1,501,721	1,318,461
Total	58,188,000	32,395,710			$ 28,690,106	$ 22,580,206

Preferred Stock Provisions

Dividends

The holders of outstanding shares of Preferred Stock are entitled to receive, only when, as and if declared by the Board, out of any funds and assets legally available therefor, on a pari passu basis, dividends (i) at the rate of $0.06 (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization) for each share of Series Seed, and (ii) at the rate of $0.048 (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization) for each share of Series Seed-1, prior and in preference to any declaration or payment of any other dividend (other than dividends on shares of common stock payable in shares of common stock). The right to receive dividends on shares of Preferred Stock are not cumulative, and no right to dividends shall accrue to holders of Preferred Stock by reason of the fact that dividends on said shares are not declared.

No dividends were declared by the Company through September 30, 2024.

Liquidation

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of shares of Preferred Stock then outstanding are entitled to be paid out of the assets of the Company available for distribution to its stockholders, and in the event of a deemed liquidation event, the holders of shares of Preferred Stock then outstanding shall be entitled to be paid out of the consideration payable to stockholders in such deemed liquidation event, as applicable, in each case on a pari passu basis, before any payment shall be made to the holders of common stock. The amount payable per share under this provision would equal the greater of (i) the applicable original issue price, plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of the applicable series of Preferred Stock been converted into common stock pursuant to immediately prior to such liquidation, dissolution, winding up or deemed liquidation event. If upon any such liquidation, dissolution or winding up of the Company or deemed liquidation event, the assets of the Company available for distribution to its stockholders shall be insufficient to pay the holders of shares of Preferred Stock the full amount to which they shall be entitled, the holders of shares of Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

Conversion

The holders of the Preferred Stock have conversion rights where each share of Preferred Stock is convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of common stock as is determined by dividing the applicable original issue price by the applicable Conversion Price (as defined below) in effect at the time of conversion. The Conversion Price for the Series Seed at issuance and as of September 30, 2024 was equal to $0.8972 (ii) and for the Series Seed-1 at issuance and as of September 30. 2024 was equal to $0.7178. The Conversion Price is subject to adjustment under certain dilution provisions discussed further below.

Voting Rights

On any matter presented to the stockholders of the Company for their action or consideration at any meeting of stockholders of the Company, each holder of outstanding shares of Preferred Stock are entitled to cast the number of votes equal to the number of whole shares of common stock into which the shares of Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of the Articles, holders of Preferred Stock shall vote together with the holders of common stock as a single class and on an as-converted to common stock basis. Lastly, as separate class, the Preferred Stock holders have voting rights on certain specific matters, including amendments to the Company's organizational documents, size of the Board, the creation or issuance of capital stock that is senior to the Series Seed and Series Seed-1, or matters involving the issuance of certain debt securities.

The holders of record of the shares of Preferred Stock, exclusively and as a separate class on an as-converted basis, shall be entitled to elect three (3) directors of the Company and the holders of record of the shares of common stock, exclusively and as a separate class, shall be entitled to elect one (1) director of the Company.

Dilution

The Preferred Stock is subject to certain adjustments if additional shares of common stock are issued by the Company other than in the event of exempted issuances as defined in the Company's Second Amended and Restated Certificate of Incorporation.

Lastly, no adjustment in any Conversion Price shall be made as the result of the issuance or deemed issuance of additional shares of common stock if the Company receives written notice from the requisite holders agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such additional shares of common stock.

Mandatory Conversion

Upon either (a) the closing of the sale of shares of common stock to the public at a price of at least $4.486 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the common stock), in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least $25,000,000 of gross proceeds to the Company and in connection with such offering the common stock is listed for trading on the Nasdaq Stock Market's National Market, the New York Stock Exchange or another exchange or marketplace approved the Board, or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the requisite holders, then all outstanding shares of Preferred Stock shall automatically be converted into shares of common stock.

7. Warrants

In connection with the Extended Purchase Agreement discussed in Note 6 - Convertible Preferred Stock above, the Company issued Warrants to purchase 3,232,825 shares of the Company's Series Seed convertible preferred stock through September 30, 2024. In addition, the Company issued Warrants in connection with the Convertible Notes during the nine months ended September 30, 2024 in the amount of 1,197,331 shares. The Warrants are freestanding. Since the Warrants are issuable into the underlying Series Seed where there are contingent redemption provisions, the Warrants were classified as a liability in the accompanying balance sheets.

No Warrants were exercised during the nine month period ended September 30, 2024. As of September 30, 2024, 2,451,640 Warrants remained outstanding. The fair value change of the Warrants is recorded to the *change in instruments measured at fair value* line item in the condensed statements of operations and comprehensive loss which amounted to a $6,692 during the nine months ended September 30, 2024.

The per share exercise price of the Warrants is equal to $0.01, subject to adjustment pursuant hereto. The Warrants expire and shall no longer be exercisable as of the earlier of (a) the seven year anniversary of the issuance date; (b) immediately prior to a deemed liquidation event, or (c) immediately prior to the closing of a firm commitment underwritten initial public offering pursuant to an effective registration statement filed under the Securities Act covering the offering and sale of the Company's common stock.

The fair value of the Warrants as of September 30, 2024 was based on a waterfall method utilizing implied equity value. The underlying equity value used was the fair value based on the Company's Series Seed valuations effective on September 30, 2024.

8. Stock-based Compensation

Stock-based compensation expense was included in general and administrative and research and development costs as follows in the accompanying condensed statements of operations and comprehensive loss for the periods indicated below:

	Nine Months Ended September 30, 2024
General and administrative	$ 261,864
Research and development	18,603
Total stock-based compensation	$ 280,467

2021 Equity Incentive Plan

On January 7, 2021, the stockholders of the Company approved the 2021 Stock Option Plan (the "2021 Plan") for the issuance of stock options. Under the 2021 Plan, 5,576,465 shares of common stock were reserved for the granting of incentive and nonstatutory stock options.

During the nine months ended September 30, 2024, 2,182,085 stock options were granted to an officer vesting over a twenty-four (24) month period.

The weighted average fair value per share of options granted during the nine months ended September 30, 2024 was $0.21. The Company measures the fair value of stock options with service-based vesting criteria to employees, directors and consultants on the date of grant using the Black-Scholes option pricing model. The Company does not have adequate history to support an internal calculation of volatility and expected term. As such, the Company has used a weighted average volatility considering the volatilities of several guideline companies.

For purposes of identifying similar entities (guideline companies), the Company considered characteristics such as industry, length of trading history, and stage of life cycle. The average expected life of the options was based on the contractual term for agreements that allow for exercise of vested options through the end of the contractual term upon termination of continuous service, and for all other agreements, was based on the mid-point between the vesting date and the end of the contractual term according to the "simplified method" as described in Staff Accounting Bulletin 110. The risk-free interest rate is determined by reference to implied yields available from U.S. Treasury securities with a remaining term equal to the expected life assumed at the date of grant. The Company records forfeitures when they occur. The assumed dividend yield was based on the Company's expectation of not paying dividends in the foreseeable future.

The weighted average assumptions used in the Black-Scholes option pricing model are as follows during the nine months ended September 30, 2024:

	2024
Expected stock price volatility	90.0%
Expected life of options (years)	5.5
Expected dividend yield	—%
Risk free interest rate	3.5%

During the nine months ended September 30, 2024 1,709,612 stock options vested and 363,011 stock options were forfeited. There were no exercises of stock options during the nine months ended September 30, 2024.

Unrecognized stock-based compensation cost was $572,368 as of September 30, 2024. The unrecognized stock-based compensation cost is expected to be recognized over a weighted average period of 1.9 years. As of September 30, 2024, 271,203 shares in the aggregate were available for future issuance under the 2021 Plan and Inducement Plan.

9. Income Taxes

The effective tax rate for the nine months ended September 30, 2024 was zero percent. As of September 30, 2024 and since the Company's inception, a full valuation allowance has been established to reduce the Company's net deferred income tax assets to the amount expected to be realized. As such, no tax benefit related to the Company's pre-tax loss was recognized for any of the periods presented.

The Company's annual tax returns since 2021 remain open to possible examination by any taxing agency.

10. Subsequent Events

For the purposes of the condensed financial statements as of September 30, 2024 and for the nine months ended September 30, 2024, the Company has completed an evaluation of all subsequent events through January 7, 2025, the date the condensed financial statements were issued. The Company has concluded that the following events or transactions below require disclosure.

Acquisition by Ocuphire Pharma, Inc.

October 22, 2024, Ocuphire acquired Opus in accordance with the terms of a Merger Agreement. The Merger was intended to constitute an integrated transaction that qualified as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986 for U.S. federal income tax purposes.

Following the Merger, Ocuphire was renamed as Opus Genetics, Inc., effective October 23, 2024.

Under the terms of the Merger Agreement, at the closing of the Merger, Ocuphire issued to the securityholders of Opus 5,237,063 shares of the common stock of Ocuphire, par value $0.0001 per share (the "Common Stock"), and 14,145.374 shares of preferred stock, par value $0.0001 per share, designated as Series A Non-Voting Convertible Preferred Stock ("Series A Preferred Stock"), each share of which is convertible into 1,000 shares of Common Stock, including the approval of such conversion by Ocuphire's stockholders.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

As of September 30, 2024

For the nine months ended September 30, 2024 and the year ended December 31, 2023

(Unaudited)

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Introduction

On October 22, 2024, Ocuphire Pharma, Inc., a Delaware corporation now known as Opus Genetics, Inc. (the "Company" or "Ocuphire"), completed its acquisition of Opus Genetics Inc. ("Former Opus"), a Delaware corporation, pursuant to the terms of the Agreement and Plan of Merger, dated October 22, 2024 (the "Merger Agreement"), by and among Ocuphire, Orange Merger Sub I, Inc., a Delaware corporation and a wholly owned subsidiary of Ocuphire ("First Merger Sub"), Orange Merger Sub II, LLC, a Delaware limited liability company and a wholly owned subsidiary of Ocuphire ("Second Merger Sub"), and Former Opus. The transaction was effected through a two-step merger (collectively, the "Merger"): (i) First Merger Sub merged with and into Former Opus, with Former Opus surviving as a wholly owned subsidiary of Ocuphire (the "First Merger"), and (ii) immediately following the First Merger, Former Opus merged with and into Second Merger Sub, with Second Merger Sub surviving as a wholly owned subsidiary of Ocuphire (the "Second Merger"). As part of the overall transaction, and effective October 23, 2024, Ocuphire was renamed Opus Genetics, Inc.

Immediately prior to and in connection with the First Merger, the historical equity structure of Former Opus was modified as follows: (a) all outstanding and unexercised Former Opus options were terminated, (b) all outstanding Former Opus warrants were deemed exercised in accordance with their terms, and (c) all convertible notes of Former Opus were converted into Former Opus Convertible Preferred Stock pursuant to the Merger Agreement.

Under the terms of the Merger Agreement, upon closing, the Company issued consideration to the former securityholders of Former Opus of 5,237,063 shares of Company common stock, par value $0.0001 per share (the "Common Stock"), and 14,145.374 shares of newly designated Series A Non-Voting Convertible Preferred Stock ("Series A Preferred Stock"), each share of which is convertible into 1,000 shares of Common Stock, subject to certain conditions, including the approval of such conversion by the Company's stockholders. The Merger was intended to qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code.

Certain shares of Common Stock outstanding immediately after the Merger are held by stockholders subject to lock-up restrictions, pursuant to which such stockholders have agreed, except in limited circumstances, not to offer, pledge, sell or transfer, or engage in swap or similar transactions with respect to, shares of the Common Stock, including, as applicable, shares received in the Merger and issuable upon exercise of certain options, for a period of 180 days following the closing of the Merger.

Pursuant to the Merger Agreement, the Company will submit the following matters to its stockholders at its next annual meeting of stockholders (the "Stockholders' Meeting") for their consideration: (i) the approval of the conversion of the Series A Preferred Stock into shares of Common Stock in accordance with Nasdaq Listing Rule 5635 and (ii) the approval of one or more adjournments of the Stockholders' Meeting to solicit additional proxies if there are not sufficient votes cast in favor of the foregoing matters.

In connection with the Merger Agreement, the Company entered into a Registration Rights Agreement (the "Registration Rights Agreement") with certain of Former Opus's securityholders (the "Selling Security Holders"). Pursuant to the Registration Rights Agreement, the Company will prepare and file a resale registration statement covering the shares of Common Stock and shares of Common Stock underlying the Series A Preferred Stock issued to Former Opus's securityholders upon the closing of the Merger (the "Registrable Securities") with the U.S. Securities and Exchange Commission (the "SEC") within 120 calendar days following the date of the Merger Agreement or such later date agreed to by the Selling Security Holders holding no less than a majority of the then outstanding Registrable Securities (the "Filing Deadline"). The Company will use its reasonable best efforts to cause such registration statement to be declared effective by the SEC within 30 calendar days of the Filing Deadline (or within 60 calendar days if the SEC reviews and has written comments to the registration statement).

The unaudited pro forma condensed combined financial information has been prepared by the Company in accordance with Regulation S-X Article 11, Pro Forma Financial Information, as amended by the final rule, Amendments to Financial Disclosures About Acquired and Disposed Businesses, as adopted by the SEC on May 20, 2020. The following unaudited pro forma condensed combined financial information of the Company and Former Opus as of and for the nine months ended September 30, 2024, and for the year ended December 31, 2023, are derived from the Company's historical financial statements, which are incorporated by reference herein, and Former Opus's historical consolidated financial statements included in our Current Report on Form 8-K/A, filed with the SEC on January 7, 2025, based upon the Regulation S-X Rule 3-05 significance test.

The historical financial statements of the Company and Former Opus have been adjusted in the accompanying unaudited pro forma condensed combined financial information to give effect to pro forma events which are necessary to account for the Merger and the financing, in accordance with accounting principles generally accepted in the United States ("GAAP"). The unaudited pro forma adjustments are based upon available information and certain assumptions that management believes are reasonable under the circumstances.

For accounting purposes, the Company is considered to be the acquiring company and the transaction is accounted for as an asset acquisition as Former Opus did not meet the definition of a business under Accounting Standard Codification Topic 805, Business Combinations ("ASC 805") as substantially all of its value was in the In Process Research & Development ("IPR&D") asset. Accordingly, the assets and liabilities of the Company will be recorded as of the Merger closing date at their respective carrying values, and the acquired net assets of Former Opus will be recorded as of the Merger closing date at their fair value. The Company was determined to be the accounting acquirer based upon the terms of the Merger and immediately after the Merger, the Ocuphire shareholders immediately prior to the Merger owned approximately 58% of Common Stock on a fully diluted basis, assuming and following the conversion of the Series A Preferred Stock.

As a result of the foregoing, the unaudited pro forma condensed combined financial information is based on the preliminary information available and management's preliminary valuation of the fair value of tangible and intangible assets acquired and liabilities assumed. The actual purchase accounting assessment may vary based on final analyses of the valuation of assets to be acquired and liabilities to be assumed, particularly in regard to indefinite and definite-lived intangible assets and deferred tax assets and liabilities, which could be material.

The unaudited pro forma condensed combined financial information and related notes are provided for illustrative purposes only and do not purport to represent what the combined company's actual results of operations or financial position would have been had the Merger been completed on the dates indicated, nor are they necessarily indicative of the combined company's future results of operations or financial position for any future period. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein.

The following unaudited pro forma condensed combined financial information gives effect to the Merger and financing, which includes adjustments for the following:

- Application of transaction accounting adjustments in respect of the Merger
- The issuance of Common Stock and Series A Preferred Stock as consideration for the Merger; and
- Non-recurring transaction costs in connection with the Merger.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of September 30, 2024
(Dollars in thousands, except per share amounts)

	Ocuphire	Opus	Transaction Accounting Adjustments		Pro Forma Combined
ASSETS					
Current assets					
Cash and cash equivalents	$ 36,632	$ 1,503	$ -		$ 38,135
Accounts receivable	1,857	-	-		1,857
Contract assets and unbilled receivables	1,468	-	-		1,468
Prepaids and other assets	429	79	-		508
Short-term investments	3	-	-		3
Total Current assets	40,389	1,582	-		41,971
Right-of-use assets	-	89	-		89
Property, and equipment, net	-	266	-		266
Total Assets	**$ 40,389**	**$ 1,937**	**$ -**		**$ 42,326**
LIABILITIES					
Current liabilities					
Accounts payable	$ 844	$ 884	$ -		$ 1,728
Accrued expenses	5,171	93	2,752	C	8,340
			324	D	
Derivative liability	74	-	-		74
Promissory Note	-	315	-		315
Convertible notes	-	4,338	(4,338)	E	-
Total Current liabilities	6,089	5,630	(1,262)		10,457
Warrants	-	1,555	(1,555)	E	-
Lease liability, long term	-	-	-		-
Total Liabilities	**6,089**	**7,185**	**(2,817)**		**10,457**
TEMPORARY EQUITY					
Opus Convertible preferred stock, $0.00001 par value; 58,188,000 shares authorized as of September 30, 2024, 32,504,331 shares issued and outstanding as of September 30, 2024; liquidation preference $ 28,787,491 as of September 30, 2024.	-	22,580	(22,580)	E	-
Total Temporary Equity	-	22,580	(22,580)		-
EQUITY					
Shareholder's equity (deficit)					
Series A Non-Voting Convertible Preferred Stock	-	-	18,813	A	18,813
Common stock, par value $0.0001; 125,000,000 and 75,000,000 shares authorized as of September 30, 2024 ; 26,198,444 shares issued and outstanding at September 30, 2024.	3	-	1	A	4
Additional paid-in capital	138,160	615	6,964	A	145,124
			(615)	E	
Retained earnings (Accumulated deficit)	(103,863)	(28,443)	(28,209)	B	(132,072)
			(324)	D	
			28,767	E	
Total Stockholders Equity	**34,300**	**(27,828)**	**25,397**		**31,869**
Total Liabilities, Temporary Equity and Equity	**$ 40,389**	**$ 1,937**	**$ -**		**$ 42,326**

See accompanying notes to unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Income Statement
For the Nine Months Ended September 30, 2024
(Dollars in thousands, except per share amounts)

	Ocuphire	Opus	Transaction Accounting Adjustments		Pro Forma Combined
License and collaborations revenue	$ 6,690	$ -	$ -		$ 6,690
Operating expenses:					
General and administrative	10,918	1,790	-		12,708
Research and development	19,817	937	-		20,754
Total operating expenses	30,735	2,727	-		33,462
(Loss) income from operations	**(24,045)**	**(2,727)**	**-**		**(26,772)**
Financing costs	-	(106)	-		(106)
Interest Expense	-	(5)	-		(5)
Change in instruments measured at fair value	-	(722)	716	AA	-
			6	BB	
Other income, net	1,648	177	-		1,825
(Loss) income before income taxes	**(22,397)**	**(3,383)**	**722**		**(25,058)**
Provision for income taxes	-	-	-		-
Net (loss) income	**$ (22,397)**	**$ (3,383)**	**$ 722**		**$ (25,058)**
Earnings (loss) per share (Note 3):					
Basic	$ (0.88)				$ (0.56)
Diluted	$ (0.88)				$ (0.56)
Weighted average number of common shares outstanding:					
Basic	25,501,117				44,883,554
Diluted	25,501,117				44,883,554

See accompanying notes to unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Income Statement
For the Year Ended December 31, 2023
(Dollars in thousands, except per share amounts)

	Ocuphire	Opus	Transaction Accounting Adjustments		Pro Forma Combined
License and collaborations revenue	$ 19,049	$ -	$ -		$ 19,049
Operating expenses:					
General and administrative	11,959	2,717	324	DD	15,000
Research and development	17,653	7,184	-		24,837
Acquired In-process research and development costs	-	-	28,209	CC	28,209
Total operating expenses	29,612	9,901	28,533		68,046
(Loss) income from operations	**(10,563)**	**(9,901)**	**(28,533)**		**(48,997)**
Financing costs	(1,328)	-	-		(1,328)
Interest Expense	-	(9)	-		(9)
Fair value change in derivative liabilities	80	-	-		80
Change in instruments measured at fair value	-	120	(20)	AA	-
			(100)	BB	
Other income, net	1,837	41	-		1,878
(Loss) income before income taxes	**(9,974)**	**(9,749)**	**(28,653)**		**(48,376)**
Provision for income taxes	(12)	-	-		(12)
Net (loss) income	$ (9,986)	$ (9,749)	$ (28,653)		$ (48,388)
Earnings (loss) per share (Note 3):					
Basic	$ (0.46)				$ (1.18)
Diluted	$ (0.46)				$ (1.18)
Weighted average number of common shares outstanding:					
Basic	21,589,821				40,972,258
Diluted	21,589,821				40,972,258

See accompanying notes to unaudited pro forma condensed combined financial information.

Note 1. Basis of Presentation

The unaudited pro forma condensed combined financial information and related notes are prepared in accordance with Article 11 of Regulation S-X, Pro Forma Financial Information, as amended by the final rule, Amendments to Financial Disclosures About Acquired and Disposed Businesses, as adopted by the SEC on May 20, 2020.

Both the Company's and Former Opus's historical financial statements were prepared in accordance with GAAP and presented in U.S. dollars.

The unaudited pro forma condensed combined financial information was prepared under the assumption that the Company is the accounting acquirer. The transaction is accounted for as an asset acquisition as Former Opus did not meet the definition of a business under Accounting Standard Codification Topic 805, Business Combinations as substantially all of its value was in the In Process Research & Development asset. Accordingly, the assets and liabilities of the Company will be recorded as of the Merger closing date at their respective carrying values, and the acquired net assets of Former Opus will be recorded as of the Merger closing date at their fair value. The Company was determined to be the accounting acquirer based upon the terms of the Merger and immediately after the Merger, the Ocuphire shareholders immediately prior to the Merger owned approximately 58% of Common Stock on a fully diluted basis, assuming and following the conversion of the Series A Preferred Stock.

The Unaudited Pro Forma Condensed Combined Balance Sheet is presented as if the Merger had occurred on September 30, 2024, and the Unaudited Pro Forma Condensed Combined Statement of Income for the nine months ended September 30, 2024, and the year ended December 31, 2023, give effect to the Merger as if it occurred on January 1, 2023.

The unaudited pro forma condensed combined financial information does not reflect any anticipated synergies or dis-synergies, operating efficiencies or cost savings that may result from the Merger and integration costs that may be incurred. The pro forma adjustments represent the Company's best estimates and are based upon currently available information and certain assumptions that the Company believes are reasonable under the circumstances. There are no material transactions between the Company and Former Opus during the periods presented.

Note 2. Transaction Accounting Adjustments

The Merger with Former Opus was accounted for as an asset acquisition as substantially all of the fair value of the gross assets acquired was concentrated in the IPR&D. The $28.2 million in estimated fair value allocated to IPR&D was expensed, as the Company determined the asset has no alternative future use in accordance with ASC 730.

(A) The accounting for the Merger is based on currently available information and is considered preliminary. The final accounting for the Merger may differ materially from that presented in these unaudited pro forma condensed combined financial statements. The adjustment reflects the fair value of Common Stock and Series A Preferred Stock issued to Former Opus stockholders. Refer to the following table for the computation of the preliminary estimated fair value of consideration transferred:

	Amount (in thousands $)
Common stock consideration (1)(2)	$ 6,965
Preferred stock consideration (1)	18,813
Estimated transaction costs	2,752
Preliminary estimated fair value of consideration transferred	**$ 28,530**

The following table summarizes the preliminary accounting for the Merger:

		Fair Value
Cash and cash equivalents	$	1,503
Prepaids and other current assets		79
Property and equipment, net		266
Right-of-use assets		89
Total assets		**1,937**
Accounts payable		884
Accrued expenses (3)		417
Promissory Note		315
Lease liability, long term		-
Net Assets acquired		**321**
Acquired In-Process R&D (IPR&D)		28,209
Preliminary estimated fair value of consideration transferred	**$**	**28,530**

(1) The preliminary estimated fair value consideration was based on 5,237,063 shares of Common Stock issued to Former Opus stockholders, and 14,145,374 shares of Common Stock issuable in respect of 14,145.374 shares of participating Series A Preferred Stock issued to Former Opus stockholders multiplied by $1.33 which represents the actual closing price as reported on the Nasdaq Capital Market on October 22, 2024.

(2) The preliminary estimated impact on Additional Paid In Capital of $6,964 was determined with reference to the fair value of Common Stock Consideration issued to Former Opus stockholders of $6,965, less par value of $1, computed by multiplying 5,237,063 shares of Common Stock issued to Former Opus stockholders by the Common Stock par value of $0.0001 per share.

(3) The fair value of Former Opus Accrued Expenses upon completion of the Merger includes Former Opus's estimated non-recurring transaction costs, such as advisory and transactional fees incurred subsequent to September 30, 2024. Refer to Pro Forma Adjustment (D) and (DD).

A final determination of the fair value of Former Opus's assets and liabilities has yet to be performed. The final Merger consideration allocation may be materially different than that reflected in the preliminary estimated Merger consideration allocation presented herein. Any increase or decrease in fair values of the net assets as compared with the unaudited condensed combined pro forma financial statements may change the amount of the total Merger consideration allocated to IPR&D and other assets and liabilities and may impact the combined company statements of income due to adjustments in the depreciation and amortization of the adjusted assets.

(B) Reflects the preliminary estimated asset fair value adjustment to the identifiable IPR&D acquired in the Merger. IPR&D represents the research and development assets of Former Opus which were in-process, but not yet completed, and which the Company has the opportunity to advance. Current accounting standards require that the fair value of IPR&D projects acquired in an asset acquisition with no alternative future use be allocated a portion of the consideration transferred and charged to expense at the Merger closing date. The acquired assets did not have outputs or employees and did not meet the alternative future use criteria. The actual purchase price allocated to IPR&D and the final valuation of the IPR&D consideration could differ significantly from the current estimate. The fair value of intangible assets is subject to change.

The following table summarizes the preliminary estimated fair value of identifiable intangible assets as of September 30, 2024:

	Estimated Useful life (in years)		Preliminary Estimated Asset Fair Value
In-Process Research and Development (IPR&D)	N/A	$	28,209
Acquired In-Process R&D (IPR&D)			28,209
Less: Former Opus's historical intangible assets			-
Pro Forma adjustment		**$**	**28,209**

(C) Reflects estimated nonrecurring transaction expenses expected to be incurred by the Company subsequent to September 30, 2024.
(D) Reflects estimated nonrecurring transaction expenses expected to be incurred by Former Opus subsequent to September 30, 2024.
(E) Reflects the elimination of Former Opus's historical carrying amounts of equity, nonrecurring pro forma adjustments for transaction expenses impacting the accumulated deficit of Former Opus (D), Convertible Preferred Stock (historically recorded as temporary equity), Former Opus warrants, and Former Opus Convertible Notes that were converted, exercised, or otherwise settled pursuant to the Merger Agreement.

(AA) To eliminate the change in fair value of Former Opus Convertible Notes as the convertible notes were converted as part of the Merger, as if the Merger had occurred on January 1, 2023. The transaction is not expected to have a recurring impact.
(BB) To eliminate the change in fair value of Former Opus Warrants to purchase Former Opus convertible preferred stock as the warrants were cancelled as part of the Merger, as if the Merger had occurred on January 1, 2023. The transaction is not expected to have a recurring impact.
(CC) Represents the allocation of the purchase price (inclusive of transaction costs) to acquired IPR&D. As the Merger was determined to be an asset acquisition and the acquired IPR&D was determined to have no alternative future use, the acquired IPR&D was expensed as if the Merger had occurred on January 1, 2023. See Note 2 for the total purchase price.
(DD) Reflects estimated nonrecurring acquisition-related expenses expected to be incurred by Former Opus. These nonrecurring expenses are not anticipated to affect the combined statement of income beyond twelve months after the transaction date.

Note 3. Earnings Per Share

The following tables set forth the computation of pro forma basic and diluted loss per share for the nine months ended September 30, 2024, and for the year ended December 31, 2023. Amounts are stated in thousands of U.S. dollars, except per share/unit amounts. Weighted average number of common shares outstanding (Basic & Diluted) include shares of Common Stock issued to Former Opus stockholders and shares of Common Stock issuable upon conversion of Series A Preferred Stock, subject to approval by the Company's stockholders, both of which were issued as part of consideration for the transaction.

	Nine Months Ended September 30, 2024	Year ended December 31, 2023
Numerator (Basic and Diluted):		
Pro Forma net loss	$ (25,058)	$ (48,388)
Denominator (weighted average shares):		
Weighted average number of common shares outstanding (Basic & Diluted) (1)	44,883,554	40,972,258
Pro Forma net loss per share:		
Basic	$ (0.56)	$ (1.18)
Diluted (2)	$ (0.56)	$ (1.18)

(1) Basic and Diluted Weighted Average common shares for the nine months ended September 30, 2024 and the year ended December 31, 2023 include 5,237,063 Common Stock issued to Former Opus stockholders, and 14,145,374 Common Stock issuable in respect of 14,145.374 shares of participating Series A Preferred Stock issued to Former Opus stockholders.
(2) Zero incremental shares are included in the computation of pro forma net loss per share because to do so would be anti-dilutive.