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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended June 30, 2025

OR

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

For the transition period from _____ to _____

Commission File Number 001-37581

Aclaris Therapeutics, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	46-0571712
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
701 Lee Road, Suite 103 Wayne, PA (Address of principal executive offices)	19087 (Zip Code)

Registrant's telephone number, including area code: (484) 324-7933

N/A

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

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

Title of Each Class:	Trading Symbol(s)	Name of Each Exchange on which Registered
Common Stock, $0.00001 par value	ACRS	The Nasdaq Stock Market, LLC

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Securities Exchange Act of 1934:

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

The number of outstanding shares of the registrant's common stock, par value $0.00001 per share, as of the close of business on July 31, 2025 was 108,332,218.

ACLARIS THERAPEUTICS, INC.

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Part I. FINANCIAL INFORMATION
Item 1. Financial Statements

ACLARIS THERAPEUTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands, except share and per share data)

	June 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 25,402	$ 24,570
Short-term marketable securities	74,404	89,024
Accounts receivable, net	194	318
Prepaid expenses and other current assets	4,202	12,039
Total current assets	104,202	125,951
Marketable securities	81,084	90,302
Property and equipment, net	868	1,008
Other assets	2,993	3,066
Total assets	$ 189,147	$ 220,327
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 8,797	$ 4,690
Accrued expenses	11,411	20,333
Deferred income	3,914	3,890
Other current liabilities	2,717	2,683
Total current liabilities	26,839	31,596
Other liabilities	1,851	4,439
Deferred income, net of current portion	18,218	20,038
Contingent consideration	10,500	8,700
Total liabilities	57,408	64,773
Stockholders' Equity:		
Preferred stock, $0.00001 par value; 10,000,000 shares authorized and no shares issued or outstanding at June 30, 2025 and December 31, 2024	—	—
Common stock, $0.00001 par value; 400,000,000 and 200,000,000 shares authorized at June 30, 2025 and December 31, 2024, respectively; 108,328,794 and 107,850,124 shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively	1	1
Additional paid-in capital	1,064,631	1,058,317
Accumulated other comprehensive income	482	97
Accumulated deficit	(933,375)	(902,861)
Total stockholders' equity	131,739	155,554
Total liabilities and stockholders' equity	$ 189,147	$ 220,327

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

ACLARIS THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

(In thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues:				
Contract research	$ 442	$ 625	$ 887	$ 1,281
Licensing	1,335	2,141	2,345	3,882
Total revenue	1,777	2,766	3,232	5,163
Costs and expenses:				
Cost of revenue	515	624	1,021	1,433
Research and development	11,449	8,759	23,033	18,604
General and administrative	5,386	4,752	11,525	11,596
Licensing	1,335	1,285	2,345	2,316
Revaluation of contingent consideration	1,500	200	1,800	3,000
Total costs and expenses	20,185	15,620	39,724	36,949
Loss from operations	(18,408)	(12,854)	(36,492)	(31,786)
Other income:				
Interest income	2,018	1,868	4,184	3,859
Non-cash royalty income	961	—	1,794	—
Total other income	2,979	1,868	5,978	3,859
Net loss	$ (15,429)	$ (10,986)	$ (30,514)	$ (27,927)
Net loss per share, basic and diluted	$ (0.13)	$ (0.15)	$ (0.25)	$ (0.39)
Weighted average common shares outstanding, basic and diluted	122,580,967	71,291,400	122,486,162	71,183,129
Other comprehensive income:				
Unrealized gain (loss) on marketable securities, net of tax of $0	$ 48	$ (99)	$ 385	$ (357)
Total other comprehensive income (loss)	48	(99)	385	(357)
Comprehensive loss	$ (15,381)	$ (11,085)	$ (30,129)	$ (28,284)

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

ACLARIS THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

(In thousands, except share data)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Par Value				
Balance at December 31, 2024	107,850,124	$ 1	$ 1,058,317	97	(902,861)	$ 155,554
Issuance of common stock in connection with vesting of restricted stock units	415,405	—	(275)	—	—	(275)
Unrealized gain on marketable securities	—	—	—	337	—	337
Stock-based compensation expense	—	—	3,535	—	—	3,535
Net loss	—	—	—	—	(15,085)	(15,085)
Balance at March 31, 2025	108,265,529	$ 1	$ 1,061,577	$ 434	$ (917,946)	$ 144,066
Issuance of common stock in connection with vesting of restricted stock units	63,265	—	(9)	—	—	(9)
Unrealized gain on marketable securities	—	—	—	48	—	48
Stock-based compensation expense	—	—	3,063	—	—	3,063
Net loss	—	—	—	—	(15,429)	(15,429)
Balance at June 30, 2025	108,328,794	$ 1	$ 1,064,631	$ 482	$ (933,375)	$ 131,739

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Par Value				
Balance at December 31, 2023	70,894,889	$ 1	$ 928,080	$ (106)	$ (770,796)	$ 157,179
Issuance of common stock in connection with vesting of restricted stock units	353,128	—	(55)	—	—	(55)
Unrealized loss on marketable securities	—	—	—	(258)	—	(258)
Stock-based compensation expense	—	—	2,089	—	—	2,089
Net loss	—	—	—	—	(16,941)	(16,941)
Balance at March 31, 2024	71,248,017	$ 1	$ 930,114	$ (364)	$ (787,737)	$ 142,014
Issuance of common stock in connection with vesting of restricted stock units	84,808	—	(10)	—	—	(10)
Unrealized loss on marketable securities	—	—	—	(99)	—	(99)
Stock-based compensation expense	—	—	2,903	—	—	2,903
Net loss	—	—	—	—	(10,986)	(10,986)
Balance at June 30, 2024	71,332,825	$ 1	$ 933,007	$ (463)	$ (798,723)	$ 133,822

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

ACLARIS THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)

	Six Months Ended June 30,	
	2025	**2024**
Cash flows from operating activities:		
Net loss	$ (30,514)	$ (27,927)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	242	485
Stock-based compensation expense	6,598	4,992
Revaluation of contingent consideration	1,800	3,000
Changes in operating assets and liabilities:		
Accounts receivable	124	(27)
Prepaid expenses and other assets	7,031	2,317
Accounts payable	4,107	(1,609)
Accrued expenses and other liabilities	(10,643)	(14,368)
Deferred income	(1,795)	—
Net cash used in operating activities	(23,050)	(33,137)
Cash flows from investing activities:		
Purchases of property and equipment	(64)	(121)
Purchases of marketable securities	(29,926)	(35,218)
Proceeds from sales and maturities of marketable securities	54,989	51,498
Payment of deferred transaction consideration for in-licensed assets	(833)	—
Net cash provided by investing activities	24,166	16,159
Cash flows from financing activities:		
Payments of employee withholding taxes related to restricted stock unit award vesting	(284)	(66)
Net cash used in financing activities	(284)	(66)
Net increase (decrease) in cash and cash equivalents	832	(17,044)
Cash and cash equivalents at beginning of period	24,570	39,878
Cash and cash equivalents at end of period	$ 25,402	$ 22,834

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

ACLARIS THERAPEUTICS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Nature of Business

Overview

Aclaris Therapeutics, Inc. was incorporated under the laws of the State of Delaware in 2012. Aclaris Therapeutics, Inc. and its wholly owned subsidiaries are referred to collectively as the "Company."

The Company is a clinical-stage biopharmaceutical company focused on developing novel small and large molecule product candidates for immuno-inflammatory diseases. The Company's proprietary KINect drug discovery platform combined with its preclinical development capabilities allows the Company to identify and advance potential product candidates that it may develop independently or in collaboration with third parties. In addition to identifying and developing its novel product candidates, the Company is pursuing strategic alternatives, including identifying and consummating transactions with third-party partners, to further develop, obtain marketing approval for and/or commercialize its novel product candidates. The Company also provides contract research services to third parties enabled by its early-stage research and development expertise.

Liquidity

The Company's condensed consolidated financial statements have been prepared on the basis of continuity of operations, realization of assets and the satisfaction of liabilities in the ordinary course of business. As of June 30, 2025, the Company had cash, cash equivalents and marketable securities of $180.9 million and an accumulated deficit of $933.4 million. Since inception, the Company has incurred net losses and negative cash flows from its operations. There can be no assurance that profitable operations will ever be achieved, and, if achieved, will be sustained on a continuing basis. In addition, development activities, including clinical and preclinical testing of the Company's product candidates, will require significant additional financing. The future viability of the Company is dependent on its ability to successfully develop its product candidates and to generate revenue from identifying and consummating transactions with third-party partners to further develop, obtain marketing approval for and/or commercialize its development assets or to raise additional capital to finance its operations. The Company will require additional capital to develop its product candidates and to support its discovery efforts.

Additional funds may not be available on a timely basis, on commercially acceptable terms, or at all, and such funds, if raised, may not be sufficient to enable the Company to continue to implement its long-term business strategy. The Company's ability to raise additional capital may be adversely impacted by potentially worsening global economic conditions caused by a variety of factors including geopolitical tensions, inflationary pressures and tariff policies. If the Company is unable to raise sufficient additional capital or generate revenue from transactions with potential third-party partners for the development and/or commercialization of its product candidates, it may need to substantially curtail planned operations. The Company's failure to raise capital as and when needed could have a negative impact on its financial condition and ability to pursue its business strategies.

In accordance with Accounting Standards Codification ("ASC") Subtopic 205-40, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, the Company evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that its condensed consolidated financial statements are issued. As of the report date, the Company does not believe that substantial doubt exists about its ability to continue as a going concern. The Company believes its existing cash, cash equivalents and marketable securities are sufficient to fund its operating and capital expenditure requirements for a period greater than 12 months from the date of issuance of these condensed consolidated financial statements.

2. Summary of Significant Accounting Policies

Unaudited Interim Financial Information

The accompanying condensed consolidated balance sheet as of June 30, 2025, the condensed consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2025 and 2024, the condensed consolidated statement of stockholders' equity for the three and six months ended June 30, 2025 and 2024, and the condensed consolidated statements of cash flows for the six months ended June 30, 2025 and 2024 are unaudited. The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited annual financial statements contained in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on February 27, 2025 ("Annual Report") and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the Company's financial position as of June 30, 2025, the results of its operations and comprehensive loss for the three and six months ended June 30, 2025 and 2024, its changes in stockholders' equity for the three and six months ended June 30, 2025 and 2024 and its cash flows for the six months ended June 30, 2025 and 2024. The condensed consolidated balance sheet data as of December 31, 2024 was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles in the United States ("GAAP"). The financial data and other information disclosed in these notes related to the three and six months ended June 30, 2025 and 2024 are unaudited. The results for the three and six months ended June 30, 2025 are not necessarily indicative of results to be expected for the year ending December 31, 2025, any other interim periods, or any future year or period. The unaudited interim financial statements of the Company included herein have been prepared pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted from this report, as is permitted by such rules and regulations. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2024 included in the Company's Annual Report.

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in conformity with GAAP. The condensed consolidated financial statements of the Company include the accounts of the operating parent company, Aclaris Therapeutics, Inc., and its wholly owned subsidiaries. All intercompany transactions have been eliminated. Based upon the nature and size of the Company's revenue, the Company believes that gross profit does not provide a meaningful measure of profitability and, therefore, has not included a line item for gross profit on the condensed consolidated statement of operations and comprehensive loss.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Significant estimates and assumptions reflected in these financial statements include, but are not limited to, contingent consideration and the valuation of stock-based awards. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Actual results could differ from the Company's estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

Significant Accounting Policies

The Company's significant accounting policies are disclosed in the audited consolidated financial statements for the year ended December 31, 2024 included in the Company's Annual Report. There have been no changes to the Company's existing significant accounting policies from those disclosed in the Annual Report.

Contingent Consideration

The Company records a contingent consideration liability related to future potential payments resulting from the acquisition of Confluence Life Sciences, Inc. (now known as Aclaris Life Sciences, Inc.) ("Confluence") based upon significant unobservable inputs including the achievement of regulatory and commercial milestones, as well as estimated future sales levels and the discount rates applied to calculate the present value of the potential payments. Significant judgement is involved in determining the appropriateness of these assumptions. These assumptions are considered Level 3 inputs. Revaluation of the contingent consideration liability can result from changes to one or more of these assumptions. The Company evaluates the fair value estimate of the contingent consideration liability on a quarterly basis with changes, if any, recorded as income or expense in the condensed consolidated statement of operations and comprehensive loss.

The fair value of contingent consideration is estimated using a probability-weighted expected payment model for regulatory milestone payments and a Monte Carlo simulation model for commercial milestone and royalty payments and then applying a risk-adjusted discount rate to calculate the present value of the potential payments. Significant assumptions used in the Company's estimates include the probability of achieving regulatory milestones and commencing commercialization (collectively referred to as "probability of success"), which are based on an asset's current stage of development and a review of existing clinical data. Probability of success assumptions ranged between 21% and 40% at June 30, 2025. Additionally, estimated future sales levels and the risk-adjusted discount rate applied to the potential payments are also significant assumptions used in calculating the fair value. As of June 30, 2025, the discount rate ranged between 6.3% and 7.9% depending on the year of each potential payment.

Revenue Recognition

The Company accounts for revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers. Under ASC Topic 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

To determine revenue recognition in accordance with ASC Topic 606, the Company performs the following five steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) performance obligations are satisfied. At contract inception, the Company assesses the goods or services promised within a contract with a customer to identify the performance obligations, and to determine if they are distinct. The Company recognizes the revenue that is allocated to each distinct performance obligation when (or as) that performance obligation is satisfied. The Company only recognizes revenue when collection of the consideration it is entitled to under a contract with a customer is probable.

Contract Research Revenue

The Company earns contract research revenue from the provision of laboratory services. Contract research revenue is generally evidenced by contracts with clients which are on an agreed upon fixed-price, fee-for-service basis and are generally billed on a monthly basis in arrears for services rendered. Revenue related to these contracts is generally recognized as the laboratory services are performed, based upon the rates specified in the contracts. Under ASC Topic 606, the Company elected to apply the "right to invoice" practical expedient when recognizing contract research revenue and as such, recognizes revenue in the amount which it has the right to invoice. ASC Topic 606 also provides an optional exemption, which the Company has elected to apply, from disclosing remaining performance obligations when revenue is recognized from the satisfaction of the performance obligation in accordance with the "right to invoice" practical expedient.

Licensing Revenue

Licenses of Intellectual Property – The Company recognizes revenue received from non-refundable, upfront fees related to the licensing of intellectual property when the intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the license has been transferred to the customer, and the customer is able to use and benefit from the license.

Milestone and Royalty Payments – The Company considers any future potential milestones and sales-based royalties to be variable consideration. The Company recognizes revenue from development, regulatory and anniversary milestone payments as they are achieved. The Company recognizes revenue from commercial milestones and royalty payments as the sales occur.

Deferred Income Related to the Sale of Future Royalties

The Company amortizes its deferred income liability related to the sale of future OLUMIANT® (baricitinib) royalties under the units-of-revenue method by computing a ratio of the proceeds received to the total expected payments over the term of the royalty purchase agreement and then applying that ratio to the period's estimated cash payment (see Note 11). The amortization is based on the Company's current estimate of future royalty payments.

Discontinued Operations

As of June 30, 2025 and December 31, 2024, the Company had $2.2 million in discontinued operations reported as other current liabilities in the Company's condensed consolidated balance sheet, related to discontinued commercial products.

Recently Issued Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses." This standard requires disclosure of additional information about specific expense categories in the notes to financial statements on an annual and interim basis. This ASU becomes effective for annual periods beginning after December 15, 2026 and interim periods within annual reporting periods beginning after December 15, 2027. The Company is currently assessing the impact of this ASU.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This standard enhances disclosures related to income taxes, including the rate reconciliation and information on income taxes paid. This ASU becomes effective for annual periods beginning after December 15, 2024. The Company is currently assessing the impact of this ASU.

3. Fair Value of Financial Assets and Liabilities

The following tables present information about the fair value measurements of the Company's financial assets and liabilities which are measured at fair value on a recurring and non-recurring basis, and indicate the level of the fair value hierarchy utilized to determine such fair values:

	June 30, 2025			
(In thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Cash equivalents	$ 21,831	$ —	$ —	$ 21,831
Marketable securities	—	155,488	—	155,488
Total assets	$ 21,831	$ 155,488	$ —	$ 177,319
Liabilities:				
Contingent consideration	$ —	$ —	$ 10,500	$ 10,500
Total liabilities	$ —	$ —	$ 10,500	$ 10,500

	December 31, 2024			
(In thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Cash equivalents	$ 22,245	$ —	$ —	$ 22,245
Marketable securities	—	179,326	—	179,326
Total assets	$ 22,245	$ 179,326	$ —	$ 201,571
Liabilities:				
Contingent consideration	$ —	$ —	$ 8,700	$ 8,700
Total liabilities	$ —	$ —	$ 8,700	$ 8,700

As of June 30, 2025 and December 31, 2024, the Company's cash equivalents consisted of money market funds, which were valued based upon Level 1 inputs. The Company's marketable securities as of June 30, 2025 consisted of commercial paper, corporate debt securities, and U.S. government debt securities, which were all valued based upon Level 2 inputs. The Company's marketable securities as of December 31, 2024 consisted of commercial paper, corporate debt securities, foreign government agency debt securities, and U.S. government and government agency debt securities, which were all valued based upon Level 2 inputs.

In determining the fair value of its Level 2 investments, the Company relies on quoted prices for identical securities in markets that are not active. These quoted prices are obtained by the Company with the assistance of a third-party pricing service based on available trade, bid and other observable market data for identical securities. During the three and six months ended June 30, 2025 and 2024, there were no transfers into or out of Level 3.

The overall $1.8 million increase in the fair value of the contingent consideration liability during the six months ended June 30, 2025 was primarily due to changes to the probability of success for certain product candidates and lower discount rates resulting from changes in credit spreads being applied to potential payments.

As of June 30, 2025 and December 31, 2024, the fair value of the Company's available-for-sale marketable securities by type of security was as follows:

(In thousands)	June 30, 2025 Book Value	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Marketable securities:				
Corporate debt securities[1]	$ 95,360	$ 332	$ (33)	$ 95,659
Commercial paper	4,828	—	—	4,828
U.S. government debt securities[2]	54,818	191	(8)	55,001
Total marketable securities	$ 155,006	$ 523	$ (41)	$ 155,488

(1) Included in Corporate debt securities is $40.3 million with maturity dates between one and three years.
(2) Included in U.S. government debt securities is $40.7 million with maturity dates between one and three years.

(In thousands)	December 31, 2024 Book Value	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Marketable securities:				
Corporate debt securities[1]	$ 105,154	$ 192	$ (156)	$ 105,190
Commercial paper	4,720	—	(1)	4,719
Foreign government agency debt securities	4,911	16	—	4,927
U.S. government and government agency debt securities[2]	64,454	47	(11)	64,490
Total marketable securities	$ 179,239	$ 255	$ (168)	$ 179,326

(1) Included in Corporate debt securities is $59.8 million with maturity dates between one and three years.
(2) Included in U.S. government and government agency debt securities is $30.5 million with maturity dates between one and three years.

4. Property and Equipment, Net

Property and equipment, net consisted of the following:

(In thousands)	June 30, 2025	December 31, 2024
Computer equipment	$ 1,263	$ 1,198
Lab equipment	3,137	3,137
Furniture and fixtures	661	661
Leasehold improvements	817	817
Property and equipment, gross	5,878	5,813
Accumulated depreciation	(5,010)	(4,805)
Property and equipment, net	$ 868	$ 1,008

Depreciation expense was $0.1 million and $0.2 million for the three months ended June 30, 2025 and 2024, respectively, and $0.2 million and $0.4 million for the six months ended June 30, 2025 and 2024, respectively.

5. Accrued Expenses

Accrued expenses consisted of the following:

(In thousands)	June 30, 2025	December 31, 2024
Employee compensation expenses	$ 2,740	$ 4,979
Research and development expenses	1,839	2,173
Deferred transaction consideration	5,416	3,927
Licensing expenses	1,147	8,645
Restructuring expenses (Note 13)	—	163
Other expenses	269	446
Total accrued expenses	$ 11,411	$ 20,333

6. Stockholders' Equity

Preferred Stock

As of June 30, 2025 and December 31, 2024, the Company's amended and restated certificate of incorporation (the "Charter") authorized the Company to issue 10,000,000 shares of undesignated preferred stock. There were no shares of preferred stock outstanding as of June 30, 2025 or December 31, 2024.

Common Stock

On June 5, 2025, at the 2025 Annual Meeting of Stockholders, the Company's stockholders approved an amendment to the Charter to increase the authorized number of shares of common stock from 200,000,000 shares to 400,000,000 shares. On June 5, 2025, the Company filed a Certificate of Amendment to the Charter with the Secretary of State of the State of Delaware, which became effective upon filing.

As of June 30, 2025 and December 31, 2024, the Company's Charter authorized the Company to issue 400,000,000 and 200,000,000 shares of $0.00001 par value common stock, respectively. There were 108,328,794 and 107,850,124 shares of common stock issued and outstanding as of June 30, 2025 and December 31, 2024, respectively.

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Common stockholders are entitled to receive dividends, as may be declared by the board of directors, if any, subject to any preferential dividend rights of any series of preferred stock that may be outstanding. No dividends have been declared through June 30, 2025.

Warrants

In November 2024, the Company issued warrants to Biosion, Inc. ("Biosion") and Chia Tai Tianqing Pharmaceutical Group, Co., Ltd. ("CTTQ") to purchase, in the aggregate, 14,281,985 shares of the Company's common stock (the "Warrants"). The Warrants have an initial exercise price of $0.00001 per share, subject to adjustment as provided in the Warrants. The Warrants are immediately exercisable, subject to any applicable overseas direct investment filing that may be required for the holders. The Warrants will terminate when exercised in full. The Company classified the Warrants within equity because they are indexed to the Company's own stock. The Company assigned an estimated fair value of $44.8 million to the Warrants, which was based on the fair value of the Company's common stock on the date of issuance less the nominal exercise price of $0.00001 per share.

7. Stock-Based Awards

2025 Equity Incentive Plan

In April 2025, the Company's board of directors adopted the 2025 Equity Incentive Plan (the "2025 Plan"), and in June 2025 the Company's stockholders approved the 2025 Plan. Upon the 2025 Plan becoming effective, no further grants can be made under the Company's 2015 Equity Incentive Plan (the "2015 Plan"). The 2025 Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock awards, RSU awards, cash-based awards, and other stock-based awards. The number of shares initially reserved for issuance under the 2025 Plan was 25,532,993 shares of common stock, which includes (i) 9,000,000 new shares of common stock, (ii) 3,957,232 shares of common stock that remained available for future grant under the 2015 Plan upon adoption of the 2025 Plan and (iii) up to 12,575,761 shares of common stock underlying outstanding awards under the 2015 Plan and the 2012 Equity Compensation Plan (as amended and restated, the "2012 Plan"), which may become available for issuance under the 2025 Plan if and as such awards expire, are otherwise terminated, settled in cash, or repurchased by the Company. The shares of common stock underlying any awards that expire, or are otherwise terminated, settled in cash or repurchased by the Company under the 2025 Plan will be added back to the shares of common stock available for issuance under the 2025 Plan. As of June 30, 2025, 12,701,995 shares remained available for grant under the 2025 Plan. The Company had 254,100 stock options and 69,480 RSUs outstanding as of June 30, 2025 under the 2025 Plan.

2024 Inducement Plan

In November 2024, the Company's board of directors adopted the 2024 Inducement Plan (the "2024 Inducement Plan"). The 2024 Inducement Plan is a non-stockholder approved stock plan adopted pursuant to the "inducement exception" provided under Nasdaq listing rules. The only employees eligible to receive grants of awards under the 2024 Inducement Plan are individuals who satisfy the standards for inducement grants under Nasdaq rules, generally including individuals who were not previously an employee or director of the Company. Under the terms of the 2024 Inducement Plan, the Company may grant up to 2,000,000 shares of common stock pursuant to nonqualified stock options, stock appreciation rights, restricted stock awards, restricted stock unit ("RSU") awards, and other stock awards. The shares of common stock underlying any awards that expire, or are otherwise terminated, settled in cash or repurchased by the Company under the 2024 Inducement Plan will be added back to the shares of common stock available for issuance under the 2024 Inducement Plan. As of June 30, 2025, 283,500 shares remained available for grant under the 2024 Inducement Plan. The Company had 1,335,000 stock options and 381,500 RSUs outstanding as of June 30, 2025 under the 2024 Inducement Plan.

2015 Equity Incentive Plan

In September 2015, the Company's board of directors adopted the 2015 Plan, and the Company's stockholders approved the 2015 Plan. The 2015 Plan became effective in connection with the Company's initial public offering in October 2015. Upon the 2015 Plan becoming effective, no further grants can be made under the 2012 Plan. Upon the 2025 Plan becoming effective, no further grants can be made under the 2015 Plan. The Company had 9,193,958 stock options and 3,134,641 RSUs outstanding as of June 30, 2025 under the 2015 Plan.

2017 Inducement Plan

In July 2017, the Company's board of directors adopted the 2017 Inducement Plan (the "2017 Inducement Plan"). The 2017 Inducement Plan is a non-stockholder approved stock plan adopted pursuant to the "inducement exception" provided under Nasdaq listing rules. The Company had 343,500 stock options outstanding as of June 30, 2025 under the 2017 Inducement Plan. All shares of common stock that were eligible for issuance under the 2017 Inducement Plan after October 1, 2018, including any shares underlying any awards that expire or are otherwise terminated, reacquired to satisfy tax withholding obligations, settled in cash or repurchased by the Company in the future that would have been eligible for re-issuance under the 2017 Inducement Plan, were retired.

2012 Equity Compensation Plan

In August 2012, the Company's board of directors adopted the 2012 Plan and the Company's stockholders approved the 2012 Plan. Upon the 2015 Plan becoming effective, no further grants can be made under the 2012 Plan. The Company had 218,404 stock options outstanding as of June 30, 2025 under the 2012 Plan.

Stock Option Valuation

The weighted average assumptions the Company used to estimate the fair value of stock options granted during the six months ended June 30, 2025 and 2024 were as follows:

	Six Months Ended June 30,	
	2025	2024
Risk-free interest rate	4.32 %	3.85 %
Expected term (in years)	6.2	6.0
Expected volatility	82.71 %	81.95 %
Expected dividend yield	0 %	0 %

The Company recognizes compensation expense for awards over their vesting period. Compensation expense for awards includes the impact of forfeitures in the period when they occur.

Stock Options

The following table summarizes stock option activity for the six months ended June 30, 2025:

(In thousands, except share and per share data and years)	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2024	6,721,967	$ 11.12	6.8	$ 2,968
Granted	4,653,495	2.24		
Forfeited and cancelled	(30,500)	9.68		
Outstanding as of June 30, 2025	11,344,962	$ 7.54	7.8	$ 506
Options vested and expected to vest as of June 30, 2025	11,344,962	$ 7.54	7.8	$ 506
Options exercisable as of June 30, 2025	4,513,154	$ 13.77	5.6	$ 263

The weighted average grant date fair value of stock options granted during the six months ended June 30, 2025 was $1.65 per share.

Restricted Stock Units

The following table summarizes RSU activity for the six months ended June 30, 2025:

(In thousands, except share and per share data)	Number of Shares	Weighted Average Grant Date Fair Value Per Share	Aggregate Intrinsic Value
Outstanding as of December 31, 2024	2,276,151	$ 5.12	
Granted	1,916,880	2.29	
Vested	(595,035)	8.33	$ 1,332
Forfeited and cancelled	(12,375)	11.38	
Outstanding as of June 30, 2025	3,585,621	$ 3.05	

Stock-Based Compensation

Stock-based compensation expense included in total costs and expenses on the condensed consolidated statement of operations and comprehensive loss included the following:

(In thousands)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Cost of revenue	$ 190	$ 223	$ 409	$ 475
Research and development	1,106	1,097	2,291	1,068
General and administrative	1,767	1,583	3,898	3,449
Total stock-based compensation expense	$ 3,063	$ 2,903	$ 6,598	$ 4,992

As of June 30, 2025, the Company had unrecognized stock-based compensation expense for stock options and RSUs of $14.0 million and $8.6 million, respectively, which is expected to be recognized over weighted average periods of 2.7 years and 2.4 years, respectively.

8. Net Loss per Share

Basic and diluted net loss per share is summarized in the following table:

(In thousands, except for share and per share data)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Numerator:				
Net loss	$ (15,429)	$ (10,986)	$ (30,514)	$ (27,927)
Denominator:				
Weighted average shares of common stock outstanding, basic and diluted	122,580,967	71,291,400	122,486,162	71,183,129
Net loss per share, basic and diluted	$ (0.13)	$ (0.15)	$ (0.25)	$ (0.39)

The Company's potentially dilutive securities, which included stock options and RSUs, have been excluded from the computation of diluted net loss per share since the effect would be to reduce the net loss per share. Therefore, the weighted average number of shares of common stock outstanding used to calculate both basic and diluted net loss per share is the same. For the three and six months ended June 30, 2025, the basic and diluted weighted-average shares outstanding included the shares of common stock issuable upon exercise of the Warrants, as there were no outstanding contingencies associated with the vesting or exercisability of the Warrants.

The following table presents potential shares of common stock excluded from the calculation of diluted net loss per share for the six months ended June 30, 2025 and 2024. All share amounts presented in the table below represent the total number outstanding as of June 30, 2025 and 2024.

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Options to purchase common stock	11,344,962	6,581,205
Restricted stock units	3,585,621	3,110,751
Total potential shares of common stock	14,930,583	9,691,956

9. Leases

Operating Leases

Agreements for Office and Laboratory Space

In May 2023, the Company entered into a lease agreement pursuant to which it leases 11,564 square feet of office space for its headquarters in Wayne, Pennsylvania. The lease commenced in November 2023 and has a term that runs through February 2029.

In February 2019, the Company entered into a sublease agreement for 20,433 square feet of office and laboratory space in St. Louis, Missouri. The lease commenced in June 2019 and has a term that runs through May 2029. In January 2023, the Company amended the sublease agreement to add an additional 6,261 square feet of office and laboratory space effective February 2023. The Company exercised its option to terminate the leasing of the additional space effective as of June 30, 2024.

Supplemental balance sheet information related to operating leases is as follows:

(In thousands)	June 30, 2025	December 31, 2024
Operating Leases:		
Gross cost	$ 4,530	$ 4,530
Accumulated amortization	(1,961)	(1,688)
Other assets	$ 2,569	$ 2,842
Current portion of lease liabilities	$ 515	$ 481
Other liabilities	1,851	2,117
Total operating lease liabilities	$ 2,366	$ 2,598

Amortization expense related to operating lease right-of-use assets and accretion of operating lease liabilities totaled $0.1 million for each of the three months ended June 30, 2025 and 2024, and $0.3 million for each of the six months ended June 30, 2025 and 2024.

10. Agreements Related to Intellectual Property

Exclusive License Agreement – Biosion, Inc.

In November 2024, the Company entered into an exclusive license agreement (the "Biosion Agreement") with Biosion, pursuant to which it received the exclusive rights to develop, manufacture and commercialize bosakitug (ATI-045) and ATI-052 worldwide, excluding Mainland China, Macau, Hong Kong and Taiwan ("Greater China"). In connection with the Biosion Agreement, the Company also entered into a collaboration agreement (the "CTTQ Agreement") with Biosion and CTTQ, a licensee of bosakitug in Greater China.

As partial consideration for the rights and licenses under the Biosion Agreement and CTTQ Agreement, the Company, agreed to, in the aggregate, (i) pay $30.0 million in upfront cash consideration, plus $4.5 million for the reimbursement of certain development costs, (ii) issue the Warrants, and (iii) pay $6.2 million for the reimbursement of certain development costs and drug product material as set forth in the Biosion Agreement.

In addition, the Company agreed to pay, in the aggregate, (i) up to $125 million upon the achievement of specified regulatory milestones commencing with product approval, (ii) up to $795 million upon the achievement of specified sales milestones, (iii) a tiered low-to-mid single digit royalty based upon a percentage of annual net sales, subject to specified reductions as set forth in the Biosion Agreement, and (iv) a portion of any sublicense consideration received from the grant of any sublicense or similar rights under any of the rights or licenses granted to the Company under the Biosion Agreement.

The Company will expense these payments in the period when either they are determined to be probable of occurring or when the payment is triggered.

License Agreement – Sun Pharmaceutical Industries, Inc.

In December 2023, the Company entered into an exclusive patent license agreement with Sun Pharmaceutical Industries, Inc. ("Sun Pharma"). Under the license agreement, the Company granted Sun Pharma exclusive rights under certain patents that the Company exclusively licenses from a third party. The patents relate to the use of deuruxolitinib, Sun Pharma's Janus kinase ("JAK") inhibitor, or other isotopic forms of ruxolitinib, to treat alopecia areata or androgenetic alopecia. Under the license agreement, Sun Pharma has paid the Company upfront and regulatory payments, and has agreed to pay the Company other regulatory and commercial milestone payments upon the achievement of specified milestones set forth in the agreement, and a mid single-digit tiered royalty calculated as a percentage of Sun Pharma's net sales. The Company has separate contractual obligations under which the Company has agreed to pay to third parties a portion of the consideration it may receive under the license agreement.

License Agreement – Pediatrix Therapeutics, Inc.

In November 2022, the Company entered into a license agreement with Pediatrix Therapeutics, Inc. ("Pediatrix"), under which the Company granted Pediatrix the exclusive rights to develop, manufacture and commercialize lepzacitinib in Greater China. Pediatrix has paid the Company an upfront payment, and has agreed to pay the Company development, regulatory and commercial milestone payments upon the achievement of specified milestones set forth in the agreement, and a tiered royalty ranging from a low-to-high single digit percentage of net sales of lepzacitinib by Pediatrix in Greater China. A portion of the consideration received from Pediatrix is payable to the former Confluence equity holders as described below under the caption "—Agreement and Plan of Merger - Confluence."

License Agreement – Eli Lilly and Company

In August 2022, the Company entered into a non-exclusive patent license agreement with Eli Lilly and Company ("Lilly"). Under the license agreement, the Company granted Lilly non-exclusive rights under certain patents and patent applications that the Company exclusively licenses from a third party. The patents and patent applications relate to the use of baricitinib, Lilly's JAK inhibitor, to treat alopecia areata. Under the license agreement, Lilly has paid the Company upfront, anniversary, regulatory and commercial milestone payments. In addition, Lilly has agreed to pay the Company other commercial milestone payments upon the achievement of specified milestones and additional anniversary payments as set forth in the agreement, as well as a low single-digit royalty calculated as a percentage of Lilly's net sales of baricitinib for the treatment of alopecia areata. The Company has separate contractual obligations under which the Company has agreed to pay to third parties an amount equal to any regulatory and commercial milestone payments it receives under the Lilly license agreement, as well as a portion of the upfront consideration and a portion of the royalties it may receive under the license agreement. In July 2024, the Company entered into a royalty purchase agreement with OCM IP Healthcare Portfolio LP, an investment vehicle for Ontario Municipal Employees Retirement System ("OMERS"), pursuant to which the Company sold to OMERS a portion of the Company's future royalty payments and the remaining anniversary payments associated with the license to Lilly (see Note 11).

The Company recognized $1.3 million and $2.3 million of licensing revenue during the three and six months ended June 30, 2025, respectively, all of which was payable to third parties. The Company recognized $2.1 million and $3.9 million of licensing revenue during the three and six months ended June 30, 2024, respectively, a portion of which was payable to third parties.

Asset Purchase Agreement – EPI Health, LLC

In October 2019, the Company sold RHOFADE (oxymetazoline hydrochloride) cream, 1% ("RHOFADE") to EPI Health, LLC ("EPI Health") pursuant to an asset purchase agreement. In July 2023, EPI Health filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. Through the bankruptcy process, EPI Health and its parent company, Novan, Inc., sold the RHOFADE assets to a third party, which excluded the Company's asset purchase agreement with EPI Health and the outstanding amounts due. The sale was approved by the bankruptcy court in

September 2023. As a result of the bankruptcy proceedings, all amounts that are due and outstanding by EPI Health have been fully reserved.

Agreement and Plan of Merger – Confluence

In August 2017, the Company entered into an Agreement and Plan of Merger, pursuant to which it acquired Confluence (the "Confluence Agreement"). Under the Confluence Agreement, the Company agreed to pay the former Confluence equity holders aggregate remaining contingent consideration of up to $75.0 million based upon the achievement of specified regulatory and commercial milestones set forth in the Confluence Agreement. In addition, the Company agreed to pay the former Confluence equity holders future royalty payments calculated as a low single-digit percentage of annual net sales, subject to specified reductions, limitations and other adjustments, until the date that all of the patent rights for that product have expired, as determined on a country-by-country and product-by-product basis or, in specified circumstances, ten years from the first commercial sale of such product. In addition to the payments described above, if the Company sells, licenses or transfers any of the intellectual property acquired from Confluence pursuant to the Confluence Agreement to a third party, the Company will be obligated to pay the former Confluence equity holders a portion of any consideration received from such sale, license or transfer in specified circumstances.

As of June 30, 2025 and December 31, 2024, the balance of the Company's contingent consideration liability was $10.5 million and $8.7 million, respectively (see Note 3).

11. Sale of Future Royalties

In July 2024, the Company entered into a royalty purchase agreement with OMERS. Under the royalty purchase agreement, the Company sold to OMERS a portion of the Company's future royalty payments and the remaining anniversary payments associated with the Company's existing license to Lilly relating to OLUMIANT® (baricitinib) for the treatment of alopecia areata.

Under the terms of the royalty purchase agreement, the Company received an upfront payment of $26.5 million. In exchange, OMERS acquired a portion of the royalty payable by Lilly to the Company for worldwide net sales of OLUMIANT for the treatment of alopecia areata from April 1, 2024 through the remainder of the royalty term under the Company's license agreement with Lilly, and 100% of the remaining anniversary milestone payments payable by Lilly to the Company under the license agreement.

The Company evaluated the arrangement and concluded that the proceeds from the sale of future royalties should be recorded as deferred income on the condensed consolidated balance sheet, as the criteria for debt classification were not met in accordance with ASC Topic 470. In particular, the Company does not have significant continuing involvement in the generation of the cash flows due to OMERS and there are no guaranteed rates of return to OMERS. The Company recognizes non-cash royalty income under the "units-of-revenue" method in the condensed consolidated statements of operations and comprehensive loss. For the three and six months ended June 30, 2025, the Company recognized $1.0 million and $1.8 million of non-cash royalty income, respectively. As of June 30, 2025, the current and non-current portions of the remaining deferred income recognized under the units-of revenue method were $3.9 million and $18.2 million, respectively. As of December 31, 2024, the current and non-current portions of the remaining deferred income recognized under the units-of revenue method were $3.9 million and $20.0 million, respectively.

12. Income Taxes

The Company did not record a federal or state income tax benefit for losses incurred during the three and six months ended June 30, 2025 and 2024. The Company concluded that it is more likely than not that its deferred tax assets will not be realized which resulted in recording a full valuation allowance during those periods.

On July 4, 2025, the One Big Beautiful Bill ("OBBB") Act, which includes a broad range of tax reform provisions, was signed into law in the United States and the Company continues to assess its impact. The Company currently does not expect the OBBB Act to have a material impact on the consolidated financial statements.

13. Restructuring Charges

In December 2023, the Company's board of directors approved a reduction of the Company's workforce by approximately 46%, which was completed as of December 31, 2024. During the six months ended June 30, 2025, the Company made cash severance payments of $0.2 million to impacted employees. During the three and six months ended June 30, 2024, the Company recognized severance expense of $0.1 million and $2.6 million, respectively, and made cash severance payments of $4.5 million to impacted employees during the six months ended June 30, 2024.

14. Segment Information

The Company has two reportable segments, therapeutics and contract research. The therapeutics segment is focused on identifying and developing innovative therapies to address significant unmet needs for immuno-inflammatory diseases and earns revenue through licensing of the Company's intellectual property. The contract research segment earns revenue from the provision of laboratory services.

All intersegment revenue has been eliminated in the Company's condensed consolidated statement of operations and comprehensive loss. All customers and revenue pertaining to the Company's segments are based in the United States and all assets are held in the United States. The Company does not report asset information by segment because it is not regularly provided to the Company's chief executive officer, who is the Company's chief operating decision maker ("CODM").

Since inception, the Company has incurred net losses and has an accumulated deficit of $933.4 million as of June 30, 2025. As such, the CODM uses segment loss from operations for each segment in assessing segment performance by comparing the results of each segment to forecast. All intercompany activity is eliminated in the intersegment elimination column in the tables below.

A reconciliation of operating loss to total consolidated loss before income taxes for the three and six months ended June 30, 2025 and 2024 is as follows:

(In thousands) Three Months Ended June 30, 2025	Therapeutics	Contract Research	Intersegment Elimination	Total
Revenue from external customers	$ 1,335	$ 442	$ —	$ 1,777
Intercompany revenue	—	3,520	(3,520)	—
Cost of revenue	—	3,812	(3,297)	515
Research and development:				
Bosakitug	2,847	—	—	2,847
ATI-2138	1,118	—	—	1,118
ATI-052	1,418	—	—	1,418
Zunsemetinib	105	—	—	105
Discovery	1,620	—	—	1,620
Total Research and development project expenses	7,108	—	—	7,108
Personnel	2,984	—	—	2,984
Other research and development expense[1]	1,580	—	—	1,580
Total research and development	11,672	—	(223)	11,449
General and administrative	—	622	—	622
Licensing	1,335	—	—	1,335
Revaluation of contingent consideration	1,500	—	—	1,500
Segment operating loss	$ (13,172)	$ (472)	$ —	$ (13,644)
Non-segment general and administrative				4,764
Other income				2,979
Loss before income taxes				$ (15,429)

(In thousands) Three Months Ended June 30, 2024	Therapeutics	Contract Research	Intersegment Elimination	Total
Revenue from external customers	$ 2,141	$ 625	$ —	$ 2,766
Intercompany revenue	—	3,422	(3,422)	—
Cost of revenue	—	3,832	(3,208)	624
Research and development:				
ATI-2138	753	—	—	753
Lepzacitinib	296	—	—	296
Zunsemetinib	2,490	—	—	2,490
Discovery	1,605	—	—	1,605
Total Research and development project expenses	5,144	—	—	5,144
Personnel	2,329	—	—	2,329
Other research and development expense[1]	1,500	—	—	1,500
Total research and development	8,973	—	(214)	8,759
General and administrative	—	1,020	—	1,020
Licensing	1,285	—	—	1,285
Revaluation of contingent consideration	200	—	—	200
Segment operating loss	$ (8,317)	$ (805)	$ —	$ (9,122)
Non-segment general and administrative				3,732
Other income				1,868
Loss before income taxes				$ (10,986)

(1) Other segment items for the Therapeutics segment consist primarily of the following research and development expenses: stock-based compensation, depreciation and amortization, and regulatory.

(In thousands) Six Months Ended June 30, 2025	Therapeutics	Contract Research	Intersegment Elimination	Total
Revenue from external customers	$ 2,345	$ 887	$ —	$ 3,232
Intercompany revenue	—	6,955	(6,955)	—
Cost of revenue	—	7,529	(6,508)	1,021
Research and development:				
Bosakitug	6,231	—	—	6,231
ATI-2138	2,926	—	—	2,926
ATI-052	2,037	—	—	2,037
Zunsemetinib	216	—	—	216
Discovery	2,966	—	—	2,966
Total Research and development project expenses	14,376	—	—	14,376
Personnel	5,911	—	—	5,911
Other research and development expense[1]	3,193	—	—	3,193
Total research and development	23,480	—	(447)	23,033
General and administrative	—	1,522	—	1,522
Licensing	2,345	—	—	2,345
Revaluation of contingent consideration	1,800	—	—	1,800
Segment operating loss	$ (25,280)	$ (1,209)	$ —	$ (26,489)
Non-segment general and administrative				10,003
Other income				5,978
Loss before income taxes				$ (30,514)

(In thousands) Six Months Ended June 30, 2024	Therapeutics	Contract Research	Intersegment Elimination	Total
Revenue from external customers	$ 3,882	$ 1,281	$ —	$ 5,163
Intercompany revenue	—	7,087	(7,087)	—
Cost of revenue	—	8,073	(6,640)	1,433
Research and development:				
ATI-2138	815	—	—	815
Lepzacitinib	1,368	—	—	1,368
Zunsemetinib	4,514	—	—	4,514
Discovery	3,145	—	—	3,145
Total Research and development project expenses	9,842	—	—	9,842
Personnel	7,032	—	—	7,032
Other research and development expense[1]	2,177	—	—	2,177
Total research and development	19,051	—	(447)	18,604
General and administrative	—	2,128	—	2,128
Licensing	2,316	—	—	2,316
Revaluation of contingent consideration	3,000	—	—	3,000
Segment operating loss	$ (20,485)	$ (1,833)	$ —	$ (22,318)
Non-segment general and administrative				9,468
Other income				3,859
Loss before income taxes				$ (27,927)

(1) Other segment items for the Therapeutics segment consist primarily of the following research and development expenses: stock-based compensation, depreciation and amortization, and regulatory.

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

Certain statements contained in this Quarterly Report on Form 10-Q may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The words "may," "might," "can," "will," "to be," "could," "would," "should," "expect," "intend," "plan," "objective," "anticipate," "believe," "estimate," "predict," "project," "potential," "likely," "continue," "ongoing" or similar expressions, or the negative of such words, are intended to identify "forward-looking statements." We have based these forward-looking statements on our current expectations and projections about future events. Because such statements include risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include those under the caption "Risk Factors" in this Quarterly Report on Form 10-Q, our Annual Report on Form 10-K filed with the SEC on February 27, 2025 ("Annual Report"), and in our other filings with the Securities and Exchange Commission ("SEC"). Statements made herein are as of the date of the filing of this Form 10-Q with the SEC and should not be relied upon as of any subsequent date. Unless otherwise required by applicable law, we do not undertake, and we specifically disclaim, any obligation to update any forward-looking statements to reflect occurrences, developments, unanticipated events or circumstances after the date of such statement.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes that appear in Item 1 of this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and related notes for the year ended December 31, 2024, which are included in our Annual Report.

Overview

We are a clinical-stage biopharmaceutical company focused on developing novel small and large molecule product candidates for immuno-inflammatory diseases. Our proprietary KINect drug discovery platform combined with our preclinical development capabilities allows us to identify and advance potential product candidates that we may develop independently or in collaboration with third parties. In addition to identifying and developing our novel product candidates, we are pursuing strategic alternatives, including identifying and consummating transactions with third-party partners, to further develop, obtain marketing approval for and/or commercialize our novel product candidates. We also provide contract research services to third parties enabled by our early-stage research and development expertise.

Our Key Product Candidates

Bosakitug, an Investigational, Novel Anti-TSLP Monoclonal Antibody

Bosakitug (ATI-045) is an investigational, novel, humanized anti-thymic stromal lymphopoietin ("TSLP") monoclonal antibody that specifically binds to human TSLP, blocking its interaction with the receptor complex and disrupting signal transduction. This mechanism prevents immune cells targeted by TSLP from releasing proinflammatory cytokines. Bosakitug has potential best-in-class properties, including a very high affinity to TSLP, very high potency, an extremely low dissociation rate from TSLP leading to long residence time and enhanced neutralization activity, and a half-life that can potentially support an extended dosing interval. Bosakitug has the potential to treat a variety of atopic, immunologic and respiratory diseases. We exclusively license global rights (excluding Mainland China, Macau, Hong Kong and Taiwan ("Greater China")) to bosakitug from Biosion, Inc. ("Biosion").

In a Phase 2a, single-arm, proof-of-concept trial in 22 U.S. patients with moderate to severe atopic dermatitis conducted by Biosion, bosakitug demonstrated a positive pharmacodynamic, safety and efficacy profile, with 94% of patients achieving a 75% improvement in the Eczema Area and Severity Index ("EASI"), 65% of patients achieving EASI-90, and 88% of patients achieving an Investigator's Global Assessment ("IGA") score of 0 or 1 (clear or almost clear skin), at week 26 (n=17). Bosakitug was generally well-tolerated with no serious adverse events reported. The most common treatment-emergent adverse event was headache (22.7% of patients). Grade 1 injection site reactions, primarily tenderness, occurred in 47.6% of patients.

In June 2025, we initiated a Phase 2 trial to investigate the efficacy, safety, tolerability, pharmacokinetics ("PK") and pharmacodynamics ("PD") of bosakitug compared to placebo in approximately 90 patients with moderate to severe atopic dermatitis. The primary endpoint is percent change from baseline in EASI at week 24. Secondary endpoints at week 24 include EASI response (EASI-50, EASI-75, EASI-90), validated IGA response, body surface area ("BSA") response, and Peak Pruritus Numerical Rating Scale ("PP-NRS") score, relative to baseline. We expect to announce top-line data in the second half of 2026.

Bosakitug is also currently being studied in severe asthma, chronic rhinosinusitis with nasal polyps and moderate to severe chronic obstructive pulmonary disease in China by Chia Tai Tianqing Pharmaceutical Group, Co., Ltd. ("CTTQ"). CTTQ licenses bosakitug from Biosion in Greater China. Our clinical focus for bosakitug will remain on dermatological immuno-inflammatory indications and further global (excluding Greater China) development in respiratory indications will be dependent on entering into potential partnerships.

ATI-2138, an Investigational Oral Covalent ITK/JAK3 Inhibitor

ATI-2138 is a highly potent and selective novel investigational dual inhibitor of interleukin-2-inducible T cell kinase ("ITK") and Janus kinase 3 ("JAK3") for the potential treatment of T cell-mediated autoimmune diseases. The ITK/JAK3 compound interrupts T cell signaling through the combined inhibition of ITK/JAK3 pathways in lymphocytes.

In July 2025, we announced positive top-line results from our open-label, single-arm Phase 2a trial of ATI-2138 in patients with moderate to severe atopic dermatitis. The trial met the primary and key secondary endpoints. The trial was designed to investigate the safety, tolerability, PK, efficacy, and PD of 10 mg of ATI-2138 administered twice daily ("BID") for 12 weeks. The trial enrolled 14 patients in the United States, with 12 patients completing treatment and up to 10 patients available for the per protocol analysis. The primary endpoints were safety related parameters and the secondary endpoints included PD and efficacy related measures. No meaningful safety findings were observed, and ATI-2138 was very well tolerated. We observed consistent and rapid improvement across the efficacy assessments, with a mean and median improvement in EASI score at week 12 of 61% and 77%, respectively. Excluding one patient determined to be a statistical molecular outlier by more than four standard deviations who demonstrated systemic findings inconsistent with atopic dermatitis alone including significant non-lesional inflammation and who was not fully compliant with study drug administration, the mean and median improvement in EASI score at week 12 was 77% and 82%, respectively. At week 12, 63% of patients experienced a greater than or equal to 4-point improvement (which is considered a clinically meaningful response) in PP-NRS. ATI-2138 demonstrated near complete and sustained inhibition and occupancy of ITK ranging from approximately 90% at peak to 60% to 70% at trough, and a high level of inhibition of JAK3. Proteome and transcriptome lesional skin tap strip analyses showed significant ATI-2138-dependent reduction of multiple inflammatory pathways associated with ITK, including strong downregulation of Th2, Th17, and T cell receptor ("TCR") pathways, along with the Th1 pathway and fibrosis-related markers.

We intend to further develop ATI-2138 in alopecia areata and are exploring the potential of ATI-2138 in additional indications that are relevant to the mechanism of action, including vitiligo.

ATI-052, an Investigational, Novel Anti-TSLP and Anti-IL-4R Bispecific Antibody

ATI-052 is an investigational, novel, humanized anti-TSLP and anti-interleukin-4 receptor ("IL-4R") bispecific antibody that exhibits high binding affinity to and dual blockade of both the upstream TSLP receptor signal transduction and downstream IL-4R activation thereby inhibiting this central proinflammatory pathway. ATI-052 targets TSLP, which sits at the top of the inflammatory cascade; by targeting IL-4R, it blocks both downstream IL-4 and IL-13, which are key cytokines involved in Th2-mediated inflammation and allergic diseases. ATI-052 utilizes the same TSLP antigen-binding fragment ("Fab") as bosakitug but is engineered to bind more tightly to the neonatal Fc receptor ("FcRn"), potentially extending its half-life. ATI-052 has the potential to treat a variety of atopic, immunologic and respiratory diseases. We exclusively license global rights (excluding Greater China) to ATI-052 from Biosion.

Our Investigational New Drug ("IND") application for ATI-052 was cleared by the U.S. Food and Drug Administration ("FDA") in April 2025, and in June 2025, we initiated a Phase 1a/1b program. The randomized, blinded, placebo-controlled Phase 1a portion is designed to evaluate the safety, tolerability, PK and PD of ATI-052 in healthy

volunteers receiving single ascending doses ("SAD") and multiple ascending doses ("MAD"). The Phase 1b proof-of-concept assessment in up to two undisclosed indications is expected to follow the Phase 1a SAD/MAD portion of the program. We expect to announce top-line results from the Phase 1a SAD/MAD portion in early 2026, followed by the top-line results from the Phase 1b portion in the second half of 2026.

Other Investigational Product Candidates

Lepzacitinib, an Investigational Topical "Soft" JAK 1/3 Inhibitor

Lepzacitinib (ATI-1777) is an investigational topical "soft" JAK 1/3 inhibitor for the potential treatment of atopic dermatitis and potentially other dermatologic conditions. "Soft" JAK inhibitors are designed to be topically applied and active in the skin, but rapidly metabolized and inactivated when they enter the bloodstream, which may result in low systemic exposure.

In January 2024, we announced positive top-line results from our Phase 2b multicenter, randomized, double-blind, vehicle-controlled, parallel-group trial of lepzacitinib in patients with mild to severe atopic dermatitis. The trial was designed to evaluate the efficacy, safety, tolerability and PK of multiple concentrations (0.5%, 1% and 2%) of twice daily ("BID") treatment with lepzacitinib and a single concentration (2%) of once daily ("QD") treatment with lepzacitinib. The trial randomized 250 patients with mild, moderate or severe atopic dermatitis, including adults and children as young as 12 years old, across 30 clinical trial sites in the United States. The trial met the primary efficacy endpoint, the percent change from baseline in EASI score at week 4, with statistical significance for patients treated with lepzacitinib 2% BID compared to patients treated with vehicle (69.7% versus 58.7% in the pooled vehicle group, p=0.035). In addition, a PK analysis showed minimal levels of exposure to lepzacitinib. The mean steady state trough drug levels at week 4 were 0.319 ng/mL, representing 0.7% of IC50 for JAK 1/3 inhibition in whole blood. In total, 97% of lepzacitinib plasma samples from dosed patients had concentrations below 1/10th of the IC50, and six samples (from five lepzacitinib treated patients) of 764 samples analyzed had concentrations above 1/4 of the IC50. No meaningful safety findings were observed and lepzacitinib was well tolerated.

We are currently seeking a global development and commercialization partner for this program (excluding Greater China). In 2022, we granted Pediatrix Therapeutics, Inc. ("Pediatrix") exclusive rights to develop and commercialize lepzacitinib in Greater China.

Zunsemetinib, an Investigational Oral MK2 Inhibitor

Zunsemetinib (ATI-450) is an investigational oral, novel, small molecule selective inhibitor of the mitogen-activated protein kinase-activated protein kinase 2 ("MK2") signaling pathway for the potential treatment of metastatic breast cancer ("MBC") and pancreatic ductal adenocarcinoma ("PDAC").

We are supporting Washington University in St. Louis in its investigator-initiated Phase 1b/2 trials of zunsemetinib in patients with MBC and PDAC. We expect these trials to be primarily funded by grants awarded to Washington University.

Discovery Programs and KINect Drug Discovery Platform

We conduct small molecule drug discovery and preclinical development research through KINect, our proprietary drug discovery platform, which we acquired as part of our acquisition of Confluence Life Sciences, Inc. (now known as Aclaris Life Sciences, Inc.) ("Confluence"), in 2017. Our KINect platform enables us to identify potential small molecule product candidates through a unique combination of our proprietary chemical library of kinase inhibitors, our novel approaches to inhibitor modalities, our expertise in structure-based drug design, and our custom kinase assays.

Our focus has been on difficult to drug kinase targets that exhibit some level of clinical, genetic and/or pharmacological disease validation. Our approach involves the following mechanisms: (1) reversible and irreversible covalent inhibitors, (2) molecular glue/complex targeted inhibitors and (3) targeted protein degraders. These novel

approaches are currently being utilized to prosecute additional validated, difficult to drug kinase targets with the goal of demonstrating potential platform utility.

We are actively progressing several discovery programs focused on delivering the next wave of small and large molecule product candidates. Our small molecule discovery efforts center on targeting kinases that play pivotal roles in various inflammatory, autoimmune, and oncology pathways. For example, we are progressing to development candidate selection a second generation ITK selective inhibitor designed to eliminate crossover on JAK3 for autoimmune indications.

In addition to our small molecule discovery efforts, we maintain capabilities in biologics discovery to complement our therapeutic portfolio. Through our integrated discovery platform, we can progress biologics candidates from concept through lead optimization, employing robust screening cascades and protein characterization techniques to identify molecules with desired therapeutic properties. This complementary approach to our small molecule programs enables us to pursue optimal therapeutic modalities for each target and indication of interest. For example, we are conducting pre-clinical research to develop next-generation bispecific antibodies utilizing the bosakitug anti-TSLP binding region paired with binding fragments targeting other undisclosed cytokine signaling pathways.

We intend to evaluate both internal and external development options, including strategic partnerships, for these assets.

Financial Overview

Since our inception, we have incurred significant net losses. Our net loss was 30.5 million for the six months ended June 30, 2025 and $132.1 million for the year ended December 31, 2024. As of June 30, 2025, we had an accumulated deficit of $933.4 million. We expect to incur significant expenses and operating losses for the foreseeable future as we advance our product candidates from discovery through preclinical and clinical development. In addition, our product candidates, even if they are approved by regulatory agencies for marketing, may not achieve commercial success. We may also not be successful in pursuing strategic alternatives, including identifying and consummating transactions with third-party partners, to further develop, obtain marketing approval for and/or commercialize our product candidates. Furthermore, we have incurred and expect to continue to incur significant costs associated with operating as a public company, including legal, accounting, investor relations and other expenses. As a result, we will need substantial additional funding to support our continuing operations.

We have historically financed our operations primarily with sales of equity securities and incurring indebtedness in the form of loans from commercial lenders. In the near term, we expect to finance our operations through these and other capital sources, including potential partnerships with other companies or other strategic transactions. We may be unable to raise additional funds or enter into such other agreements or arrangements when needed on commercially acceptable terms, or at all. If we fail to raise capital or enter into such agreements as, and when needed, we may have to significantly delay, scale back or discontinue the development of one or more of our product candidates.

Impact of Macroeconomic Conditions on Our Business

Unfavorable conditions in the economy both in the United States and abroad may negatively affect the growth of our business and our results of operations. For example, macroeconomic events, including inflationary pressure, tariff policies and geopolitical conflicts, have led to economic uncertainty globally. The effect of macroeconomic conditions may not be fully reflected in our results of operations until future periods. If, however, economic uncertainty increases or the global economy worsens, our business, financial condition and results of operations may be harmed.

Acquisition and License Agreements

Exclusive License Agreement with Biosion

In November 2024, we entered into an exclusive license agreement (the "Biosion Agreement") with Biosion pursuant to which we received the exclusive rights to develop, manufacture and commercialize bosakitug and ATI-052 worldwide, excluding Greater China. In connection with the Biosion Agreement, we also entered into a collaboration agreement (the "CTTQ Agreement") with Biosion and CTTQ, a licensee of bosakitug in Greater China.

As partial consideration for the rights and licenses under the Biosion Agreement and CTTQ Agreement, we agreed to, in the aggregate, (i) pay $30.0 million in upfront cash consideration, plus $4.5 million for the reimbursement of certain development costs, (ii) issue warrants (the "Warrants") to purchase 14,281,985 shares of our common stock and (iii) pay $6.2 million for the reimbursement of certain development costs and drug product material as set forth in the Biosion Agreement.

In addition, we agreed to pay, in the aggregate, (i) up to $125 million upon the achievement of specified regulatory milestones commencing with product approval, (ii) up to $795 million upon the achievement of specified sales milestones, (iii) a tiered low-to-mid single digit royalty based upon a percentage of annual net sales, subject to specified reductions as set forth in the Biosion Agreement, and (iv) a portion of any sublicense consideration received from the grant of any sublicense or similar rights under any of the rights or licenses granted to us under the Biosion Agreement. We will expense these payments in the period when either they are determined to be probable of occurring or when the payment is triggered.

Royalty Purchase Agreement with OCM IP Healthcare Portfolio LP

In July 2024, we entered into a royalty purchase agreement with OCM IP Healthcare Portfolio LP, an investment vehicle for Ontario Municipal Employees Retirement System ("OMERS"). Under the royalty purchase agreement, we sold to OMERS a portion of the future royalty payments and the remaining anniversary payments associated with our existing license to Eli Lilly and Company ("Lilly"), relating to OLUMIANT® (baricitinib) for the treatment of alopecia areata (see "—License Agreement with Eli Lilly and Company"). Under the terms of the royalty purchase agreement, we received an upfront payment of $26.5 million. In exchange, OMERS acquired a portion of the royalty payable by Lilly to us for worldwide net sales of OLUMIANT for the treatment of alopecia areata from April 1, 2024 through the remainder of the royalty term under our license agreement with Lilly, and 100% of the remaining anniversary milestone payments payable by Lilly to us under the license agreement. The royalty payments and milestones we sold to OMERS represent our entire financial interest in the Lilly license agreement after taking into account our other contractual third-party obligations.

We recognized $1.0 million and $1.8 million of non-cash royalty income during the three and six months ended June 30, 2025, respectively.

License Agreement with Sun Pharmaceutical Industries, Inc.

In December 2023, we entered into an exclusive patent license agreement with Sun Pharmaceutical Industries, Inc. ("Sun Pharma"). Under the license agreement, we granted Sun Pharma exclusive rights under certain patents that we exclusively license from a third party. The patents relate to the use of deuruxolitinib, Sun Pharma's JAK inhibitor, or other isotopic forms of ruxolitinib, to treat alopecia areata or androgenetic alopecia. Under the license agreement, Sun Pharma has paid us upfront and regulatory payments, and has agreed to pay us other regulatory and commercial milestone payments upon the achievement of specified milestones set forth in the agreement, and a mid single-digit tiered royalty calculated as a percentage of Sun Pharma's net sales. We have separate contractual obligations under which we have agreed to pay to third parties a portion of the consideration we may receive under the license agreement. We may seek to monetize this asset.

License Agreement with Pediatrix Therapeutics, Inc.

In November 2022, we entered into a license agreement with Pediatrix under which we granted Pediatrix the exclusive rights to develop, manufacture and commercialize lepzacitinib in Greater China. Pediatrix has paid us an upfront payment, and has agreed to pay us development, regulatory and commercial milestone payments upon the achievement of specified milestones set forth in the agreement, and a tiered royalty ranging from a low-to-high single digit percentage of net sales of lepzacitinib by Pediatrix in Greater China. A portion of the consideration received from Pediatrix is payable to the former Confluence equity holders as described below under the caption "—Agreement and Plan of Merger with Confluence."

License Agreement with Eli Lilly and Company

In August 2022, we entered into a non-exclusive patent license agreement with Lilly. Under the license

agreement, we granted Lilly non-exclusive rights under certain patents and patent applications that we exclusively license from a third party. The patents and patent applications relate to the use of baricitinib, Lilly's JAK inhibitor, to treat alopecia areata. Under the license agreement, Lilly has paid us upfront, anniversary, regulatory and commercial milestone payments. In addition, Lilly has agreed to pay us other commercial milestone payments upon the achievement of specified milestones and additional anniversary payments as set forth in the agreement, as well as a low single-digit royalty calculated as a percentage of Lilly's net sales of baricitinib for the treatment of alopecia areata. We have separate contractual obligations under which we have agreed to pay to third parties an amount equal to any regulatory and commercial milestone payments we receive under the Lilly license agreement, as well as a portion of the upfront consideration and a portion of the royalties we may receive under the license agreement. In July 2024, we entered into a royalty purchase agreement with OMERS pursuant to which we sold to OMERS a portion of our future royalty payments and the remaining anniversary payments associated with the license to Lilly (see "—Royalty Purchase Agreement with OCM IP Healthcare Portfolio LP" above).

We recognized $1.3 million and $2.3 million of licensing revenue during the three and six months ended June 30, 2025, respectively, all of which was payable to third parties. We recognized $2.1 million and $3.9 million of licensing revenue during the three and six months ended June 30, 2024, respectively, a portion of which was payable to third parties.

Asset Purchase Agreement with EPI Health

In October 2019, we sold RHOFADE (oxymetazoline hydrochloride) cream, 1% ("RHOFADE"), to EPI Health, LLC ("EPI Health") pursuant to an asset purchase agreement. In July 2023, EPI Health filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. Through the bankruptcy process, EPI Health and its parent company, Novan, Inc., sold the RHOFADE assets to a third party, which excluded our asset purchase agreement with EPI Health and the outstanding amounts due. The sale was approved by the bankruptcy court in September 2023. As a result of the bankruptcy proceedings, all amounts that are due and outstanding by EPI Health have been fully reserved.

Agreement and Plan of Merger with Confluence

In 2017, we entered into an Agreement and Plan of Merger (the "Confluence Agreement"), with Confluence, Aclaris Life Sciences, Inc., our wholly owned subsidiary ("Merger Sub"), and Fortis Advisors LLC, as representative of the equity holders of Confluence. Pursuant to the terms of the Confluence Agreement, Merger Sub merged with and into Confluence, with Confluence surviving as our wholly owned subsidiary.

Under the Confluence Agreement, we agreed to pay the former Confluence equity holders aggregate remaining contingent consideration of up to $75.0 million based upon the achievement of specified regulatory and commercial milestones set forth in the Confluence Agreement. In addition, we agreed to pay the former Confluence equity holders future royalty payments calculated as a low single-digit percentage of annual net sales, subject to specified reductions, limitations and other adjustments, until the date that all of the patent rights for that product have expired, as determined on a country-by-country and product-by-product basis or, in specified circumstances, ten years from the first commercial sale of such product. In addition to the payments described above, if we sell, license or transfer any of the intellectual property acquired from Confluence pursuant to the Confluence Agreement to a third party, we will be obligated to pay the former Confluence equity holders a portion of any consideration received from such sale, license, or transfer in specified circumstances.

Discontinued Programs

We were previously developing zunsemetinib as a potential treatment for various immuno-inflammatory diseases, including hidradenitis suppurativa, psoriatic arthritis, and rheumatoid arthritis. Following the results of the Phase 2 trials for these programs, we discontinued further development of our MK2 inhibitor programs in immuno-inflammatory diseases in 2023.

Restructuring

In December 2023, our board of directors approved a reduction of our workforce by approximately 46%, which was completed as of December 31, 2024. During the six months ended June 30, 2025, we made cash severance payments of $0.2 million to impacted employees. During the three and six months ended June 30, 2024, we recognized severance expense of $0.1 million and $2.6 million, respectively, and made cash severance payments of $4.5 million to impacted employees during the six months ended June 30, 2024.

Components of Our Results of Operations

Revenue

Contract Research

We earn revenue from the provision of laboratory services. Contract research revenue is generally evidenced by contracts with clients which are on an agreed upon fixed-price, fee-for-service basis and are generally billed on a monthly basis in arrears for services rendered.

Licensing

Licensing revenue primarily consists of upfront consideration, royalties and milestone payments earned pursuant to license and acquisition agreements with third parties, as described above.

Cost and Expenses

Cost of Revenue

Cost of revenue consists of the costs incurred in connection with the provision of contract research services. Cost of revenue primarily includes:

- employee-related expenses, which include salaries, benefits, and stock-based compensation;
- outsourced professional scientific services;
- depreciation of laboratory equipment;
- facility-related costs; and
- laboratory materials and supplies used to support the services provided.

Research and Development

Research and development expenses consist of expenses incurred in connection with the discovery and development of our product candidates. These expenses primarily include:

- expenses incurred under agreements with contract research organizations ("CROs"), as well as clinical trial sites and consultants that conduct our clinical trials and preclinical studies, and investigator-initiated trials;
- manufacturing scale-up expenses and the cost of acquiring and manufacturing active pharmaceutical ingredients and preclinical and clinical trial materials, including domestic technology transfer expenses;
- quality assurance and quality control costs;
- outsourced professional scientific development services;
- medical affairs expenses related to our product candidates;
- employee-related expenses, which include salaries, benefits, and stock-based compensation;
- expenses relating to regulatory activities, including filing fees paid to regulatory agencies; and
- laboratory materials and supplies used to support our research activities.

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect to continue to incur research and development expenses in the near term as we continue the development of our product candidates and pursue our discovery programs. We expense research and development costs as incurred. Our direct research and development expenses primarily consist of external costs including fees paid to CROs, consultants, clinical trial sites, regulatory agencies and third parties that manufacture our preclinical and clinical trial materials and are tracked on a program-by-program basis. We do not allocate personnel costs or other indirect expenses to specific research and development programs.

The successful development of our product candidates is highly uncertain. We cannot reasonably estimate or know the nature, timing and costs of the efforts that will be necessary to complete the remainder of the development of, or when, if ever, material net cash inflows may commence from any of our product candidates. This uncertainty is due to the numerous risks and uncertainties associated with the duration and cost of discovery, as well as clinical trials, which vary significantly over the life of a project as a result of many factors, including:

- the number of clinical sites included in the trials;
- the length of time required to enroll suitable subjects;
- the number of subjects that ultimately participate in the trials;
- the number of doses subjects receive;
- the duration of subject follow-up; and
- the results of our clinical trials.

Our expenditures are subject to additional uncertainties, including the preparation of regulatory filings for our product candidates. We may obtain unexpected results from our clinical trials or other development activities. We may elect to discontinue, delay or modify the development, including clinical trials, of some product candidates or focus on others. A change in the outcome of any of these variables with respect to the development of a product candidate could mean a significant change in the costs and timing associated with the development of that product candidate. For example, if the FDA or other regulatory authorities were to require us to conduct clinical trials beyond those that we currently anticipate, or if we experience significant delays in enrollment in any of our clinical trials, we could be required to expend significant additional financial resources and time on the completion of clinical development.

General and Administrative

General and administrative expenses consist principally of salaries and related costs, including stock-based compensation, for personnel in executive, administrative, finance and legal functions. General and administrative expenses also include facility-related costs, patent filing and prosecution costs, professional fees for legal, auditing and tax services, investor relations costs, business development costs, insurance costs, and travel expenses.

Licensing

Licensing expenses consist of third-party contractual obligations incurred under license and acquisition agreements with third parties, as described above.

Revaluation of Contingent Consideration

Revaluation of contingent consideration consists of changes in the fair value of our contingent consideration liability between reporting dates, as described below.

Other Income

Interest Income

Interest income primarily consists of interest earned on our cash, cash equivalents and marketable securities.

Non-cash Royalty Income

Non-cash royalty income includes income related to the proceeds from the sale of future royalties to OMERS, recognized under the "units-of-revenue" method.

Critical Accounting Estimates

This discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of our condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our condensed consolidated financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and judgments on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions. There have been no material changes to our significant accounting policies and use of estimates as disclosed in the footnotes to our audited consolidated financial statements for the year ended December 31, 2024 included in our Annual Report.

Contingent Consideration

We record a contingent consideration liability related to future potential payments resulting from the acquisition of Confluence based upon significant unobservable inputs including the achievement of regulatory and commercial milestones, as well as estimated future sales levels and the discount rates applied to calculate the present value of the potential payments. Significant judgement is involved in determining the appropriateness of these assumptions. These assumptions are considered Level 3 inputs. Revaluation of our contingent consideration liability can result from changes to one or more of these assumptions. These assumptions are highly dependent on the outcome and timing of the development of certain of our product candidates. We evaluate the fair value estimate of our contingent consideration liability on a quarterly basis with changes, if any, recorded as income or expense in our condensed consolidated statement of operations and comprehensive loss. Any such changes could have a material impact on our financial results.

The fair value of contingent consideration is estimated using a probability-weighted expected payment model for regulatory milestone payments and a Monte Carlo simulation model for commercial milestone and royalty payments and then applying a risk-adjusted discount rate to calculate the present value of the potential payments. Significant assumptions used in our estimates include the probability of achieving regulatory milestones and commencing commercialization (collectively referred to as "probability of success"), which are based on an asset's current stage of development and a review of existing clinical data. Probability of success assumptions ranged between 21% and 40% at June 30, 2025. Additionally, estimated future sales levels and the risk-adjusted discount rate applied to the potential payments are also significant assumptions used in calculating the fair value. As of June 30, 2025, the discount rate ranged between 6.3% and 7.9% depending on the year of each potential payment.

During the six months ended June 30, 2025, we recorded a charge to the contingent consideration liability of $1.8 million, which was primarily due to changes to the probability of success for certain product candidates and lower discount rates resulting from changes in credit spreads being applied to potential payments.

Results of Operations

Comparison of Three and Six Months Ended June 30, 2025 and 2024

	Three Months Ended June 30,			Six Months Ended June 30,		
(In thousands)	2025	2024	Change	2025	2024	Change
Revenues:						
Contract research	$ 442	$ 625	**$ (183)**	$ 887	$ 1,281	**$ (394)**
Licensing	1,335	2,141	**(806)**	2,345	3,882	**(1,537)**
Total revenue	1,777	2,766	**(989)**	3,232	5,163	**(1,931)**
Costs and expenses:						
Cost of revenue	515	624	**(109)**	1,021	1,433	**(412)**
Research and development	11,449	8,759	**2,690**	23,033	18,604	**4,429**
General and administrative	5,386	4,752	**634**	11,525	11,596	**(71)**
Licensing	1,335	1,285	**50**	2,345	2,316	**29**
Revaluation of contingent consideration	1,500	200	**1,300**	1,800	3,000	**(1,200)**
Total costs and expenses	20,185	15,620	**4,565**	39,724	36,949	**2,775**
Loss from operations	(18,408)	(12,854)	**(5,554)**	(36,492)	(31,786)	**(4,706)**
Other income:						
Interest income	2,018	1,868	**150**	4,184	3,859	**325**
Non-cash royalty income	961	—	**961**	1,794	—	**1,794**
Total other income	2,979	1,868	**1,111**	5,978	3,859	**2,119**
Net loss	$ (15,429)	$ (10,986)	**$ (4,443)**	$ (30,514)	$ (27,927)	**$ (2,587)**

Revenue

Contract research

The decrease in contract research revenue for the three and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024, respectively, was driven by lower overall hours billed, which was partially offset by a higher average billing rate.

Licensing

The decrease in licensing revenue during the three and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024 was primarily driven by lower royalties earned following the sale of a portion of our OLUMIANT® royalty payments to OMERS in July 2024.

Costs and Expenses

Cost of Revenue

The decrease in cost of revenue for the three and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024 was driven by lower overall hours billed for laboratory services.

Research and Development

The following table summarizes our research and development expenses by product candidate or, for unallocated expenses, by type:

(In thousands)	Three Months Ended June 30, 2025	2024	Change	Six Months Ended June 30, 2025	2024	Change
Bosakitug	$ 2,847	$ —	**$ 2,847**	$ 6,231	$ —	**$ 6,231**
ATI-2138	1,118	753	**365**	2,926	815	**2,111**
ATI-052	1,418	—	**1,418**	2,037	—	**2,037**
Lepzacitinib	—	296	**(296)**	—	1,368	**(1,368)**
Zunsemetinib	105	2,490	**(2,385)**	216	4,514	**(4,298)**
Discovery	1,620	1,605	**15**	2,966	3,145	**(179)**
Other research and development	251	189	**62**	455	662	**(207)**
Personnel	2,984	2,329	**655**	5,911	7,032	**(1,121)**
Stock-based compensation	1,106	1,097	**9**	2,291	1,068	**1,223**
Total research and development expenses	$ 11,449	$ 8,759	**$ 2,690**	$ 23,033	$ 18,604	**$ 4,429**

Bosakitug

The expenses incurred for bosakitug during the three and six months ended June 30, 2025 consisted primarily of product candidate manufacturing costs and clinical development expenses associated with a Phase 2 trial in atopic dermatitis.

ATI-2138

The increase in expenses for ATI-2138 during the three and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024 was primarily due to preclinical development activities and clinical development expenses associated with a Phase 2a trial in atopic dermatitis.

ATI-052

Research and development expenses related to ATI-052 for the three and six months ended June 30, 2025 primarily consisted of product candidate manufacturing costs, preclinical development activities, and clinical development expenses associated with a Phase 1a/1b program.

Lepzacitinib

The expenses for lepzacitinib during the three and six months ended June 30, 2024 were primarily preclinical development activities and clinical development expenses associated with a Phase 2b clinical trial in subjects with atopic dermatitis, which was completed in January 2024.

Zunsemetinib

The decrease in expenses for zunsemetinib during the three and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024 was primarily due to a decrease in costs associated with Phase 2 clinical development activities.

Personnel and stock-based compensation

The increase in personnel expenses during the three months ended June 30, 2025 compared to the three months ended June 30, 2024 was primarily due to higher headcount. The decrease in personnel expenses during the six months ended June 30, 2025 compared to the six months ended June 30, 2024 was primarily due to termination benefits associated with our December 2023 reduction in force recognized during the six months ended June 30, 2024. The increase in stock-

based compensation expense during the six months ended June 30, 2025 compared to the six months ended June 30, 2024 was due to higher forfeiture credits during the six months ended June 30, 2024.

General and Administrative

The following table summarizes our general and administrative expenses:

	Three Months Ended June 30,			Six Months Ended June 30,		
(In thousands)	**2025**	**2024**	**Change**	**2025**	**2024**	**Change**
Personnel	$ 1,852	$ 1,297	**$ 555**	$ 3,737	$ 3,852	**$ (115)**
Professional and legal fees	800	774	**26**	1,917	2,027	**(110)**
Facility and support services	627	563	**64**	1,224	1,196	**28**
Other general and administrative	340	535	**(195)**	749	1,072	**(323)**
Stock-based compensation	1,767	1,583	**184**	3,898	3,449	**449**
Total general and administrative expenses	$ 5,386	$ 4,752	**$ 634**	$ 11,525	$ 11,596	**$ (71)**

Personnel and stock-based compensation

The increase in personnel expenses during the three months ended June 30, 2025 compared to the three months ended June 30, 2024 was primarily due to higher headcount. The increase in stock-based compensation expense during the three and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024 was due to higher forfeiture credits during the three and six months ended June 30, 2024.

Revaluation of Contingent Consideration

The revaluation of contingent consideration loss increased during the three months ended June 30, 2025 compared to the three months ended June 30, 2024 mainly due to changes to the probability of success for certain product candidates and lower discount rates resulting from changes in credit spreads being applied to potential payments during the three months ended June 30, 2025.

The revaluation of contingent consideration loss decreased during the six months ended June 30, 2025 compared to the six months ended June 30, 2024 mainly due to changes in estimated sales levels and changes to the probability of success for certain product candidates during the six months ended June 30, 2024.

Other Income

Non-cash Royalty Income

Non-cash royalty income includes income related to the proceeds from the sale of a portion of our OLUMIANT® royalty payments to OMERS.

Liquidity and Capital Resources

Overview

Since our inception, we have incurred net losses and negative cash flows from our operations. We have financed our operations over the last several years primarily through sales of our equity securities and incurring indebtedness in the form of loans from commercial lenders. We may engage in additional debt and equity financing transactions in order to raise funds. We may receive royalties and milestone payments under third-party licensing and acquisition agreements. In addition, to the extent we are able to consummate transactions with potential third-party partners to further develop, obtain marketing approval for and/or commercialize our product candidates, we may receive upfront payments, milestone payments or royalties from such arrangements that would increase our liquidity.

As of June 30, 2025, we had cash, cash equivalents and marketable securities of $180.9 million. Cash in excess of immediate requirements is invested in accordance with our investment policy, primarily with a view towards liquidity and capital preservation.

We currently have no ongoing material financing commitments, such as lines of credit or guarantees, that are expected to affect our liquidity, other than our contingent obligations under the Confluence Agreement, Biosion Agreement and CTTQ Agreement, which are summarized above under "Overview—Acquisition and License Agreements," and our lease obligations.

Cash Flows

Cash and cash equivalents were $25.4 million as of June 30, 2025 compared to $24.6 million as of December 31, 2024. We also had $155.5 million in short- and long-term marketable securities as of June 30, 2025 compared to $179.3 million as of December 31, 2024.

The sources and uses of cash that contributed to the change in cash and cash equivalents were:

	Six Months Ended June 30,	
(In thousands)	2025	2024
Cash and cash equivalents beginning balance	$ 24,570	$ 39,878
Net cash used in operating activities	(23,050)	(33,137)
Net cash provided by investing activities	24,166	16,159
Net cash used in financing activities	(284)	(66)
Cash and cash equivalents ending balance	$ 25,402	$ 22,834

Operating Activities

Cash flow related to operating activities was the result of:

	Six Months Ended June 30,	
(In thousands)	2025	2024
Net loss	$ (30,514)	$ (27,927)
Non-cash adjustments to reconcile net loss to net cash used in operating activities	8,640	8,477
Change in accounts receivable	124	(27)
Change in prepaid expenses and other assets	7,031	2,317
Change in accounts payable and accrued expenses	(6,536)	(15,977)
Change in deferred income	(1,795)	—
Net cash used in operating activities	$ (23,050)	$ (33,137)

Net cash used in operating activities decreased for the six months ended June 30, 2025 compared to the six months ended June 30, 2024 primarily as a result of a decrease in cash used for accounts payable and accrued expenses, after adjusting for the receipt and corresponding payment of a third-party milestone during the six months ended June 30, 2025.

Investing Activities

Cash flow related to investing activities was the result of:

(In thousands)	Six Months Ended June 30, 2025	2024
Purchases of property and equipment	$ (64)	$ (121)
Purchases of marketable securities	(29,926)	(35,218)
Proceeds from sales and maturities of marketable securities	54,989	51,498
Payment of deferred transaction consideration for in-licensed assets	(833)	—
Net cash provided by investing activities	$ 24,166	$ 16,159

The increase in net cash provided by investing activities for the six months ended June 30, 2025 compared to the six months ended June 30, 2024 resulted primarily from lower purchases of marketable securities and higher proceeds from sales and maturities of marketable securities during the six months ended June 30, 2025.

Financing Activities

Cash flow related to financing activities was the result of:

(In thousands)	Six Months Ended June 30, 2025	2024
Payments of employee withholding taxes related to restricted stock unit award vesting	$ (284)	$ (66)
Net cash used in financing activities	$ (284)	$ (66)

Net cash used in financing activities increased for the six months ended June 30, 2025 compared to the six months ended June 30, 2024 due to higher payments of employee withholding taxes related to restricted stock unit award vesting.

Funding Requirements

We anticipate we will incur net losses in the near term as we continue the development of our product candidates and continue to discover and develop additional product candidates. We may not be able to generate revenue from these programs if, among other things, our clinical trials are not successful, the FDA does not approve our product candidates currently in clinical trials when we expect, or at all, or we are not able to identify and consummate transactions with third-party partners to further develop, obtain marketing approval for and/or commercialize our product candidates.

Our primary uses of capital are, and we expect will continue to be, research and development expenses, compensation and related expenses, laboratory and related supplies, professional and legal expenses, and administrative and overhead costs. Our future funding requirements will be heavily determined by the resources needed to support the development of our product candidates, without taking into account any potential business development activities.

As a publicly traded company, we incur and will continue to incur significant legal, accounting, and other similar expenses. In addition, the Sarbanes-Oxley Act of 2002, as well as rules adopted by the SEC and the Nasdaq Stock Market LLC, requires public companies to implement specified corporate governance practices that could increase our compliance costs.

We believe our existing cash, cash equivalents and marketable securities are sufficient to fund our operating and capital expenditure requirements for a period greater than 12 months from the date of issuance of our condensed consolidated financial statements that appear in Item 1 of this Quarterly Report on Form 10-Q based on our current operating assumptions. We will require additional capital to develop our product candidates and to support our discovery efforts. Additional funds may not be available on a timely basis, on commercially acceptable terms, or at all, and such funds, if raised, may not be sufficient to enable us to continue to implement our long-term business strategy. Our ability to raise additional capital may be adversely impacted by potentially worsening global economic conditions caused by a

variety of factors including geopolitical tensions, tariff policies and inflationary pressures. If we are unable to raise sufficient additional capital or generate revenue from transactions with potential third-party partners for the development and/or commercialization of our product candidates, we may need to substantially curtail our planned operations.

We may raise additional capital through the sale of equity or debt securities. In such an event, our stockholders' ownership will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of a holder of our common stock.

Because of the numerous risks and uncertainties associated with research and development of pharmaceutical product candidates, we are unable to estimate the exact amount of our working capital requirements. Our funding requirements in the near term will depend on many factors, including:

- the number and development requirements of the product candidates that we may pursue;
- the scope, progress, results and costs of preclinical development, laboratory testing and conducting preclinical and clinical trials for our product candidates;
- the costs, timing, and outcome of regulatory review of our product candidates;
- the extent to which we in-license or acquire additional product candidates and technologies;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims;
- our ability to identify and consummate transactions with third-party partners to further develop, obtain marketing approval for and/or commercialize our product candidates; and
- our ability to earn revenue as a result of licenses to, or partnerships or other arrangements with, third parties.

Leases

We occupy space for our headquarters in Wayne, Pennsylvania under a lease agreement which has a term through February 2029. We also occupy office and laboratory space in St. Louis, Missouri under a sublease agreement which has a term through May 2029.

Our aggregate remaining lease payment obligation for these two spaces was $2.9 million as of June 30, 2025.

Agreement and Plan of Merger with Confluence

We have agreed to certain payment obligations in accordance with and subject to the terms of the Confluence Agreement (see "Overview—Acquisition and License Agreements—Agreement and Plan of Merger with Confluence"). As of June 30, 2025, the balance of our contingent consideration liability was $10.5 million.

Exclusive License Agreement with Biosion; Collaboration Agreement with Biosion and CTTQ

We have agreed to certain payment obligations in accordance with and subject to the terms of the Biosion and CTTQ Agreements (see "Overview—Acquisition and License Agreements—Exclusive License Agreement with Biosion").

R&D Obligations

We enter into contracts in the normal course of business with CROs, contract manufacturing organizations and other service providers for clinical trials, preclinical studies and testing, manufacturing and other services and products for operating purposes. These contracts generally provide for termination upon notice, and therefore we believe that our non-cancelable obligations under these agreements are not material.

Segment Information

We have two reportable segments, therapeutics and contract research. The therapeutics segment is focused on identifying and developing innovative therapies to address significant unmet needs for immuno-inflammatory diseases. The contract research segment earns revenue from the provision of laboratory services.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Item 4. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures*

Under the supervision of and with the participation of our management, including our principal executive officer and our principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of June 30, 2025, the end of the period covered by this Quarterly Report on Form 10-Q. The term "disclosure controls and procedures," as set forth in Rules 13a-15(e) and 15d-15(e) under the Exchange Act means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms promulgated by the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2025, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

(b) *Changes in Internal Control Over Financial Reporting*

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended June 30, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are subject to litigation and claims arising in the ordinary course of business. We are not currently a party to any material legal proceedings, and we are not aware of any other pending or threatened legal proceeding against us that we believe could have a material adverse effect on our business, operating results, cash flows or financial condition.

Item 1A. Risk Factors

Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. Our risk factors have not changed materially from those described in "Part I, Item 1A. Risk Factors" of our Annual Report.

Item 5. Other Information

Adoption, Modification and Termination of Rule 10b5-1 Plans and Certain Other Trading Arrangements.

During the quarter ended June 30, 2025, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K).

Item 6. Exhibits

Exhibit No.	Document
3.1	Amended and Restated Certificate of Incorporation of the Registrant (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-37581), filed with the SEC on October 13, 2015).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant (incorporated herein by reference to Exhibit 3.2 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37581), filed with the SEC on August 7, 2023).
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-37581), filed with the SEC on June 5, 2025).
3.4	Amended and Restated Bylaws of the Registrant (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-37581), filed with the SEC on June 24, 2020).
10.1+	Aclaris Therapeutics, Inc. 2025 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-37581), filed with the SEC on June 5, 2025).
10.2+	Form of Stock Option Grant Notice and Option Agreement used in connection with the Aclaris Therapeutics, Inc. 2025 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-37581), filed with the SEC on June 5, 2025).
10.3+	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement used in connection with the Aclaris Therapeutics, Inc. 2025 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 001-37581), filed with the SEC on June 5, 2025).
10.4+	Employment Agreement, dated as of April 28, 2025, by and between the Registrant and Jesse Hall (incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37581), filed with the SEC on May 8, 2025).
10.5+	Tenth Amended and Restated Non-Employee Director Compensation Policy (incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37581), filed with the SEC on May 8, 2025).
31.1*	Certification of Principal Executive Officer under Section 302 of the Sarbanes-Oxley Act.
31.2*	Certification of Principal Financial Officer under Section 302 of the Sarbanes-Oxley Act.
32.1**	Certifications of Principal Executive Officer and Principal Financial Officer under Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Exchange Act and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

\+ Indicates management contract or compensatory plan.

SIGNATURES

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

ACLARIS THERAPEUTICS, INC.

Date: August 7, 2025

By: /s/ Neal Walker
Neal Walker
Chief Executive Officer
(On behalf of the Registrant)

Date: August 7, 2025

By: /s/ Kevin Balthaser
Kevin Balthaser
Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Neal Walker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2025 of Aclaris Therapeutics, Inc. (the "registrant");

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

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

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

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

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

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

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

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

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

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

Date: August 7, 2025

/s/ Neal Walker
Neal Walker
Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kevin Balthaser, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2025 of Aclaris Therapeutics, Inc. (the "registrant");

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

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

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

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

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

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

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

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

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

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

Date: August 7, 2025

/s/ Kevin Balthaser
Kevin Balthaser
Chief Financial Officer
(principal financial officer and principal accounting officer)

Exhibit 32.1

CERTIFICATIONS OF
PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Neal Walker, Chief Executive Officer of Aclaris Therapeutics, Inc. (the "Company"), and Kevin Balthaser, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2025, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

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

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 7th day of August 2025.

/s/ Neal Walker	/s/ Kevin Balthaser
Neal Walker	Kevin Balthaser
Chief Executive Officer	Chief Financial Officer
(principal executive officer)	(principal financial officer and principal accounting officer)

* This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Aclaris Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.