

REFINITIV

# DELTA REPORT

## 10-Q

CONDUIT PHARMACEUTICALS I

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

**TOTAL DELTAS 1645**

<span style="color: yellow;">█</span>	CHANGES	11
<span style="color: pink;">█</span>	DELETIONS	1291
<span style="color: green;">█</span>	ADDITIONS	343

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM 10-Q**

(Mark One)

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

For the quarterly period ended September 30, 2023

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-41245

**CONDUIT PHARMACEUTICALS INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

**87-3272543**

(State or other jurisdiction of  
incorporation or organization)

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

**4995 Murphy Canyon Road, Suite 300  
San Diego, California 92123**

(Address of Principal Executive Offices, including zip code)

**(760)471-8536**

(Registrant's telephone number, including area code)

**N/A**

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

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

<b>Title of each class</b>	<b>Trading Symbol</b>	<b>Name of each exchange on which registered</b>
Common Stock, par value \$0.0001 per share	CDT	The Nasdaq Stock Market LLC
Redeemable Warrants, each whole warrant exercisable for one share of Common Stock at an exercise price of \$11.50	CDTTW	The Nasdaq Stock Market LLC

**Indicate SEPARATION AGREEMENT**

This Separation Agreement (this "Agreement") is made and entered into as of May 12, 2024 (the "Effective Date"), by check mark whether and between Adam Sragovicz ("Executive") and Conduit Pharmaceuticals Inc. (the "Company"). The Company and Executive are sometimes collectively referred to herein as 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," "Parties" and "emerging growth company" in Rule 12b-2 of the Exchange Act individually as a "Party".

Large accelerated filer  
 Non-accelerated filer

Accelerated filer  
 Smaller reporting company  
 Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not **1. Separation**.

(a) Transition Period. Executive shall continue 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 serve as a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes  No

As of November 20, 2023, there were 72,813,776shares of common stock, \$0.0001 par value, full-time employee of the Company issued from the Effective Date through May 15, 2024 (the “Separation Date”) at his base salary level in effect as of the Effective Date and outstanding. shall conscientiously and in good faith transition his duties as Chief Financial Officer of the Company as directed by the Chief Executive Officer. Without limiting the foregoing, Executive specifically agrees to oversee and assist with the preparation and filing of the Company’s Form 10-Q for the first quarter of 2024 (and Executive agrees to sign all certifications and other documents required therein as the Principal Financial Officer).

(b) Separation. Effective as of the Separation Date, Executive hereby voluntarily resigns as an employee and an officer of the Company and its affiliates. Executive agrees to sign the Letter of Resignation attached as Exhibit A to this Agreement as of the Separation Date. As used in this Agreement, the term “affiliate” shall mean any entity directly or indirectly controlled by, controlling, or under common control with, the Company.

## 2. Payments and Benefits.

(a) Accrued Benefits. All Company-provided benefits shall cease to accrue as of the Separation Date. The Company shall issue Executive’s final paycheck on the Separation Date, and such final paycheck shall include accrued but unpaid PTO. In addition, the Company, within 30 calendar days after the Separation Date, shall reimburse Executive for any and all reasonable business expenses actually incurred by Executive in connection with the performance of his duties prior to the Separation Date in accordance with applicable Company policies, which expenses shall be submitted by Executive to the Company with supporting receipts and/or documentation no later than 15 calendar days after the Separation Date. To the extent applicable, Executive will be entitled to continued medical benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”), and additional information concerning such benefits will be provided to Executive under separate cover following the Separation Date.

(b) Separation Benefits. In consideration of, and subject to and conditioned upon Executive’s (i) satisfactory performance of his responsibilities and obligations as set forth under Section 1 of this Agreement, (ii) execution and non-revocation of the General Release of Claims attached as Exhibit B to this Agreement (the “Release”) within 21 calendar days following the Separation Date, and the effectiveness of such Release as provided in Section 3 of this Agreement, and (iii) compliance with his obligations as set forth in Section 4 below, the Company shall pay to Executive \$138,971.17, which represents the sum of (i) four months of Executive’s annual base salary (i.e., \$133,333.33, in the aggregate), plus (ii) four months of Executive’s health insurance stipend (i.e., \$5,637.84, in the aggregate), which sum shall be payable in regular installments, less applicable tax withholdings, in accordance with the Company’s normal payroll practices over the 4-month period commencing on the Separation Date (the “Severance Period”) per the following terms: (x) the installments shall commence to be paid on the first payroll date that occurs after the Release is received by the Company and becomes effective and irrevocable in accordance with its terms, (y) the first installment shall include as a lump sum all payments (without interest) that accrued from the Separation Date until such first payroll date, and (z) the remaining installments shall be paid as otherwise scheduled for the Severance Period.

**CONDUIT PHARMACEUTICALS INC.**  
**Form 10-Q**

**Table(c) Full Payment.** Executive acknowledges that the payments and arrangements contained in this Agreement (including the Accrued Benefits set forth in Section 2(a) above) shall constitute full and complete satisfaction of **Contents**

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### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Quarterly Report") any and all amounts properly due and owing to Executive as a result of his employment with the Company and its affiliates and his termination therefrom. For the avoidance of doubt, Executive shall not be entitled to an annual bonus for the quarterly period ended September 30, 2023 contains forward-looking statements. Forward-looking statements are neither historical facts nor assurances 2023 or 2024 fiscal years.

#### **3. Release of future performance. Instead, they are based only on our current beliefs, expectations, Claims.**

Executive agrees that, as a condition to Executive's right to receive the payments and assumptions regarding benefits set forth in Section 2(b) of this Agreement, within 21 calendar days following the future of our business, future plans Separation Date (the "Release Period"), Executive shall execute and strategies, projections, anticipated events deliver the Release to the Company. If Executive fails to execute and trends, deliver the economy, and other future conditions. This includes, without limitation, statements regarding Release to the financial position and Company during the plans and objectives of management for our future operations. Such statements can be identified Release Period, or if the Release is revoked by the fact that they do not relate strictly to historical Executive or current facts. When used in this prospectus, words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "strive," "would" and similar expressions may identify forward-looking statements, but the absence of these words otherwise does not mean that a statement is not forward-looking. Factors that could materially affect our business operations become effective and financial performance and condition include, but are not limited to, those risks and uncertainties described herein under "Item 1A. Risk Factors," those described in our Annual Report on Form 10-K for the year ended December 31, 2022, under "Item 1A. Risk Factors," and those described in our proxy statement/prospectus filed with the U.S. Securities and Exchange Commission (the "SEC") on August 11, 2023. You are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. The forward-looking statements are based on information available to us as of the filing date of this Quarterly Report. Unless required by law, we do not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the risk factors we describe in the reports we will file from time to time with the SEC after the date of this Quarterly Report.

This Quarterly Report may also contain market data related to our business and industry. These market data include projections that are based on a number of assumptions. If these assumptions turn out to be incorrect, actual results may differ from the projections based on these assumptions. As a result, our markets may not grow at the rates projected by these data, or at all. The failure of these markets to grow at these projected rates may harm our business, results of operations, financial condition, and the market price of our common stock.

**PART I—FINANCIAL INFORMATION**

**Item 1. Condensed Consolidated Financial Statements**

**CONDUIT PHARMACEUTICALS INC.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except share amounts)

	<b>September 30, 2023 (unaudited)</b>	<b>December 31, 2022 (audited)</b>
<b>(In thousands, except share and per share amounts)</b>		
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 8,644	\$ -
Prepaid expenses and other current assets	1,799	-
<b>Total current assets</b>	<b>10,443</b>	<b>-</b>
Intangible assets - research and development	5	5
Deposits and other long-term assets	1,570	-
<b>Total assets</b>	<b>\$ 12,018</b>	<b>\$ 5</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 35	\$ -
Accrued expenses and other current liabilities	1,197	-
Accrued professional fees	1,615	2,246
Accrued payroll and other current liabilities	33	338
Option liability, current portion	742	-
Convertible promissory note payable	804	-
Notes payable, current portion	177	-
<b>Total current liabilities</b>	<b>4,603</b>	<b>4,001</b>
Convertible notes payable, carried at fair value	-	1,835
Liability related to the sale of future revenue	2,665	4,083
Notes payable	-	175
Option liability	-	1,417
Derivative warrant liability	92	-
Deferred commission payable	5,739	-
<b>Total liabilities</b>	<b>13,099</b>	<b>10,094</b>
<b>Stockholders' deficit</b>		
Common stock*, par value \$0.0001; 250,000,000 shares and 400,000,000 shares authorized at September 30, 2023 and December 31, 2022, respectively, 72,813,776 shares and 64,626,430 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	7	6
Preferred stock, par value \$0.0001; 1,000,000 shares and nil shares authorized at September 30, 2023 and December 31, 2022, respectively; nil shares issued and outstanding at September 30, 2023 and December 31, 2022	-	-
Additional paid-in capital	11,351	-
Accumulated deficit	(13,078)	(10,770)
Accumulated other comprehensive income	639	675

<b>Total stockholders' deficit</b>	<b>(1,081)</b>	<b>(10,089)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 12,018</b>	<b>\$ 5</b>

\* Shares of legacy common stock have been retroactively restated to give effect to the Merger.

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

**CONDUIT PHARMACEUTICALS INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**

**(unaudited, in thousands, except share amounts and per share data)**

	Three Months ended September 30,		Nine Months ended September 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022 (Revised)</u>
<b>Operating expenses:</b>				
Research and development expenses	\$ -	\$ 38	\$ -	\$ 38
General and administrative expenses	1,069	775	4,367	1,328
Funding expenses	-	120	-	120
<b>Total operating costs and expenses</b>	<u>1,069</u>	<u>933</u>	<u>4,367</u>	<u>1,486</u>
<b>Operating loss</b>	<u>(1,069)</u>	<u>(933)</u>	<u>(4,367)</u>	<u>(1,486)</u>
<b>Other income (expenses):</b>				
Other income (expense), net	3,102	(23)	2,145	(330)
Interest expense, net	(47)	-	(92)	-
<b>Total other (expense) income, net</b>	<u>3,055</u>	<u>(23)</u>	<u>2,053</u>	<u>(330)</u>
<b>Net income (loss)</b>	<u>\$ 1,986</u>	<u>\$ (956)</u>	<u>\$ (2,314)</u>	<u>\$ (1,816)</u>
Basic earnings/(net loss) per share	<u>\$ 0.03</u>	<u>\$ (0.03)</u>	<u>\$ (0.04)</u>	<u>\$ (0.06)</u>
Diluted earnings/(net loss) per share	<u>\$ (0.00)</u>	<u>\$ (0.03)</u>	<u>\$ (0.07)</u>	<u>\$ (0.06)</u>
Basic weighted-average common shares outstanding	<u>65,410,172</u>	<u>32,313,215</u>	<u>64,890,548</u>	<u>32,313,215</u>
Diluted weighted-average common shares outstanding	<u>66,132,587</u>	<u>32,313,215</u>	<u>65,486,891</u>	<u>32,313,215</u>
<b>Comprehensive income (loss):</b>				
Foreign currency translation adjustment	610	608	36	1,269
<b>Total comprehensive income (loss)</b>	<u>\$ 2,596</u>	<u>\$ (348)</u>	<u>\$ (2,278)</u>	<u>\$ (547)</u>

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**(unaudited, in thousands, except share amounts)**

	<b>Common stock</b>						<b>Accumulated other comprehensive (loss)/income</b>			<b>Total stockholders' deficit</b>	
	<b>Shares</b>	<b>Amount</b>	<b>Additional paid-in capital</b>	<b>Accumulated deficit</b>							
<b>Balance at July 1, 2022</b>	1,000	\$ -	\$ -	\$ (6,737)	\$ 596	\$ (6,141)					
Retroactive application of Merger	32,312,215	\$ 3	\$ (3)	\$ -	\$ -	\$ -					
Reclassification of additional paid-in capital**	-	-	3	(3)	-	-					
<b>Adjusted Balances, beginning of period*</b>	32,313,215	\$ 3	\$ -	\$ (6,740)	\$ 596	\$ (6,141)					
Foreign currency translation adjustment	-	-	-	-	-	608				608	
Net loss	-	-	-	(956)	-	-				(956)	
<b>Balance at September 30, 2022</b>	32,313,215	\$ 3	\$ -	\$ (7,696)	\$ 1,204	\$ (6,489)					
	<b>Common stock</b>						<b>Accumulated other comprehensive income</b>			<b>Total stockholders' deficit</b>	
	<b>Shares</b>	<b>Amount</b>	<b>Additional paid-in capital</b>	<b>Accumulated deficit</b>							
<b>Balance at July 1, 2023</b>	2,000	\$ -	\$ -	\$ (15,064)	\$ 29	\$ (15,035)					
Retroactive application of Merger	64,624,430	\$ 6	\$ (6)	\$ -	\$ -	\$ -					
Reclassification of additional paid-in-capital**	-	-	6	(6)	-	-					
<b>Adjusted Balances, beginning of period*</b>	64,626,430	\$ 6	\$ -	\$ (15,070)	\$ 29	\$ (15,035)					
Reclassification of additional paid-in-capital***	-	-	(6)	6	-	-					
Issuance of Conduit Pharmaceuticals Inc. common stock to holders of Conduit Pharmaceuticals Limited convertible notes on the Closing Date (Note 3)	373,570	-	3,685	-	-	3,685					
Merger, net of redemptions (Note 3)	4,118,316	1	(13,559)	-	-	-				(13,558)	

Issuance of Conduit Pharmaceuticals Inc. common stock in connection with PIPE Financing (Note 3)	2,000,000	-	19,779	-	-	19,779
Issuance of Conduit Pharmaceuticals Inc. common stock to Cizzle Biotechnology Holding PLC	395,460	-	151	-	-	151
Issuance of Conduit Pharmaceuticals Inc. common stock to an advisor for services directly related to the Merger (Note 3)	1,300,000	-	-	-	-	-
Reduction of excise tax liability associated with the Merger (Note 3)	-	-	1,141	-	-	1,141
Capital contribution - related party	-	-	150	-	-	150
Stock-based compensation	-	-	10	-	-	10
Foreign currency translation adjustment	-	-	-	-	610	610
Net income	-	-	1,986	-	-	1,986
Balance at September 30, 2023	72,813,776	\$ 7	\$ 11,351	\$ (13,078)	\$ 639	\$ (1,081)

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**(unaudited, in thousands, except share amounts)**

	<b>Common stock</b>		<b>Additional paid-in capital</b>	<b>Accumulated deficit</b>	<b>Accumulated other comprehensive (loss)/income</b>	<b>Total stockholders' deficit</b>
	<b>Shares</b>	<b>Amount</b>				
<b>Balance at January 1, 2022</b>	1,000	\$ -	\$ -	\$ (5,877)	\$ (65)	\$ (5,942)
Retroactive application of Merger	32,312,215	3	(3)	-	-	-
Reclassification of additional paid-in capital**	-	-	3	(3)	-	-
<b>Adjusted Balances, beginning of period*</b>	32,313,215	\$ 3	\$ -	\$ (5,880)	\$ (65)	\$ (5,942)
Foreign currency translation adjustment	-	-	-	-	1,269	1,269
Net loss	-	-	-	(1,816)	-	(1,816)
<b>Balance at September 30, 2022 (Revised)</b>	32,313,215	\$ 3	\$ -	\$ (7,696)	\$ 1,204	\$ (6,489)
	<b>Common stock</b>		<b>Additional paid-in capital</b>	<b>Accumulated deficit</b>	<b>Accumulated other comprehensive income</b>	<b>Total stockholders' deficit</b>
	<b>Shares</b>	<b>Amount</b>				
<b>Balance at January 1, 2023</b>	2,000	\$ -	\$ -	\$ (10,764)	\$ 675	\$ (10,089)
Retroactive application of Merger	64,624,430	6	(6)	-	-	-
Reclassification of additional paid-in-capital**	-	-	6	(6)	-	-
<b>Adjusted Balances, beginning of period*</b>	64,626,430	\$ 6	\$ -	\$ (10,770)	\$ 675	\$ (10,089)
Reclassification of additional paid-in-capital***	-	-	(6)	6	-	-
Issuance of Conduit Pharmaceuticals Inc. common stock to holders of Conduit Pharmaceuticals Limited convertible notes on the Closing Date (Note 3)	373,570	-	3,685	-	-	3,685
Merger, net of redemptions (Note 3)	4,118,316	1	(13,559)	-	-	(13,558)
Issuance of Conduit Pharmaceuticals Inc. common stock in connection with PIPE Financing (Note 3)	2,000,000	-	19,779	-	-	19,779
Issuance of Conduit Pharmaceuticals Inc. common stock to Cizzle Biotechnology Holding PLC	395,460	-	151	-	-	151

Issuance of Conduit Pharmaceuticals Inc. common stock to an advisor for services directly related to the Merger (Note 3)	1,300,000	-	-	-	-	-
Reduction of excise tax liability associated with the Merger (Note 3)	-	-	1,141			1,141
Capital contribution - related party	-	-	150	-	-	150
Stock-based compensation	-	-	10	-	-	10
Foreign currency translation adjustment	-	-	-	-	(36)	(36)
Net loss	-	-	(2,314)		-	(2,314)
<b>Balance at September 30, 2023</b>	<b>72,813,776</b>	<b>\$ 7</b>	<b>\$ 11,351</b>	<b>\$ (13,078)</b>	<b>\$ 639</b>	<b>\$ (1,081)</b>

\* Shares of legacy common stock have been retroactively restated to give effect to the Merger.

\*\* Reclassification is made as additional paid-in capital cannot be presented as a negative for either its beginning or ending balance.

\*\*\* Reclassification is made as the impact of the retroactive application of the Merger can be shown as a reduction to additional paid-in capital during the period as presenting the reduction does not result in additional paid-in capital being presented as a negative for its ending balance.

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

**CONDUT PHARMACEUTICALS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(baudited, in thousands)

	<b>Nine Months ended September 30,</b>	
	<b>2023</b>	<b>2022 (Revised)</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (2,314)	\$ (1,816)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on investment in equity securities	-	(34)
(Gain) loss on change in fair value of Cizzle option	(1,306)	216
Gain on change in fair value of Vela option	(748)	-
Loss on issuance of Vela option	1,007	-
Unrealized foreign exchange loss	4	-
Change in reserve for related party uncollectible loan	(240)	-
Loss on related party loan forgiveness	12	-
Loss on change in fair value of convertible notes payable	423	148
Non-cash reduction of deferred income upon exercise of option liability	(1,480)	-
Interest expense on convertible promissory note	86	-
Gain on warrant remeasurement	(131)	-
Stock-based compensation expense	10	-
Non-cash interest expense	8	-
Amortization of financed Directors and Officers insurance	44	-
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	93	-
Accounts payable	6	-
Accrued expenses and other current liabilities	1,604	105
Intangible assets	-	(5)
<b>Net cash flows from operating activities</b>	<b>(2,922)</b>	<b>(1,386)</b>
<b>Cash flows from investing activities:</b>		
Issuance of loan - related party	(357)	(129)
Proceeds from loan repayment - related party	585	-
<b>Net cash flows from investing activities</b>	<b>228</b>	<b>(129)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from Merger and related PIPE Financing, net of transaction costs	8,494	-
Proceeds from issuance of option	498	-
Proceeds from the issuance of notes payable	-	182
Capital contribution - related party	151	-
Proceeds from issuance of convertible notes payable, carried at fair value	1,468	503
Proceeds from issuance of convertible promissory note payable, carried at cost	813	-
Interest paid on convertible promissory note, carried at cost	(81)	-
Proceeds from sale of equity securities	-	830
<b>Net cash flows from financing activities</b>	<b>11,343</b>	<b>1,515</b>
<b>Net change in cash and cash equivalents before effect of exchange rate changes</b>	<b>8,649</b>	-
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(5)</b>	-

<b>Net change in cash</b>	8,644	-
<b>Cash and cash equivalents at beginning of period</b>	-	-
<b>Cash and cash equivalents at end of period</b>	<u><u>\$ 8,644</u></u>	<u><u>\$ -</u></u>
<b>Non-cash investing and financing activities</b>		
Issuance of Conduit Pharmaceuticals Inc. common stock to Cizzle Biotechnology Holding PLC upon exercise of option	\$ 151	\$ -
Exchange of Conduit Pharmaceuticals Limited convertible notes for shares of Conduit Pharmaceuticals Inc. common stock in connection with the Merger	\$ 3,685	\$ -
Accrued transaction costs	\$ 5,738	\$ -
Non-cash directors and officers insurance	\$ 1,066	\$ -
Net Liabilities assumed in the Merger	\$ 6,124	\$ -
Initial value of warrant liabilities issued in connection with PIPE Financing and Closing of the Merger	\$ 223	\$ -
Fair value of shares received and receivable related to the sale of future revenue	\$ -	\$ 1,281

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

## CONDUIT PHARMACEUTICALS INC.

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Nature of the Business, Basis of Presentation and Summary of Significant Accounting Policies

Conduit Pharmaceuticals Inc., a Delaware corporation, ("Conduit" or the "Company") is a clinical-stage specialty biopharmaceutical company that was formed to facilitate the development and commercialization of clinical assets that have not been, or are not being, prioritized by leading biopharmaceutical companies in order to develop pharmaceutical products that meet the unmet medical needs of patients.

The Company's current development pipeline includes a glucokinase activator, which is Phase II ready in autoimmune diseases including uveitis, Hashimoto's Thyroiditis, preterm labor and renal transplant rejection. The Company's development pipeline also includes a potent, irreversible inhibitor of human Myeloperoxidase (MPO) that has the potential to treat idiopathic male infertility.

#### **Merger Agreement**

On September 22, 2023 (the "Closing Date"), a merger transaction between Conduit Pharmaceuticals Limited ("Old Conduit"), Murphy Canyon Acquisition Corp ("MURF") and Conduit Merger Sub, Inc., a Cayman Islands exempted company and a wholly owned subsidiary of MURF ("Merger Sub"), was completed (the "Merger", see Note 3) pursuant to the initial merger agreement dated November 8, 2022 and subsequent amendments to the merger agreement dated January 27, 2023 and May 11, 2023 (the "Merger Agreement"). Pursuant to the terms of the Merger Agreement, on the Closing Date, (i) Merger Sub merged with and into Old Conduit, with Old Conduit surviving the merger as a wholly-owned subsidiary of MURF, and (ii) MURF changed its name from Murphy Canyon Acquisition Corp. to Conduit Pharmaceuticals Inc. The common stock of the Company commenced trading on The Nasdaq Global Market under the symbol "CDT" on September 25, 2023, and the Company's warrants commenced trading on The Nasdaq Capital Market under the symbol "CDTTW" on September 25, 2023.

The Merger was accounted for as a reverse recapitalization irrevocable in accordance with accounting principles generally accepted in its terms, then Executive will receive only the United States accrued benefits under Section 2(a) of America ("U.S. GAAP") this Agreement and will not be entitled to any other payment or benefit under Section 2(b) of this Agreement.

#### **4. Effect on Other Agreements.**

(a) **Restrictive Covenants.** Under Executive specifically acknowledges and agrees that he remains obligated to comply with the reverse recapitalization method, MURF was treated as provisions of (i) the acquired company for financial reporting purposes, Proprietary Information and Inventions Assignment Agreement between the Company and Executive, and (ii) Sections 10 (Deemed Resignations), 11 (Cooperation with Company), 12 (Non-Interference), and 13 (Reasonableness of Terms) of the Employment Offer Letter between Executive and the Company the accounting acquirer, was assumed (the "Employment Agreement"), which provisions shall continue to have issued shares of stock for the net assets of MURF, with no goodwill or other intangible assets recorded. This determination is primarily based on the following predominant factors: (i) post-closing, the Company's stockholders have a majority of the voting power of the combined company and ability to elect the members of the combined company's Board of Directors ("Board"); (ii) the on-going operations post-merger will comprise those of Conduit; and (iii) all of the senior management of the combined company, except for the Chief Financial Officer, will be members of the management of the Company. As a result of the Merger, MURF was renamed "Conduit Pharmaceuticals Inc." The board of directors of MURF and Conduit each approved the Merger.

#### **Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company apply, in accordance with U.S. GAAP their terms and as if set forth by herein, on and after the Financial Accounting Standards Board ("FASB") Separation Date notwithstanding Executive's termination of employment and pursuant release of claims.

(b) **Severance.** Executive hereby expressly and irrevocably waives any and all claims and rights that he may have to receive severance benefits under the rules and regulations Employment Agreement, including, without limitation, the benefits set forth in Section 4(b) of the United States Securities Employment Agreement, and Exchange Commission ("SEC"). References to U.S. GAAP issued by the FASB in these notes to the accompanying unaudited condensed consolidated financial statements are to the FASB Accounting Standards Codifications ("ASC") agrees that such compensation and Accounting Standards Update ("ASUs").

#### **Unaudited Interim Financial Information**

The accompanying interim unaudited condensed consolidated financial statements included in this quarterly report have been prepared in accordance with U.S. GAAP and, in the opinion of the Company, contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position as of September 30, 2023, and its results of operations for the three and nine months ended September 30, 2023 and 2022, and cash flows for the nine months ended September

30, 2023 and 2022. The condensed consolidated balance sheet at December 31, 2022, was derived from the audited annual financial statements but does not contain all of the footnote disclosures from the annual financial statements.

The functional currency of the Company is the British pound sterling. The accompanying financial statements are reported in United States Dollars, the reporting currency of the Company.

#### **Liquidity and Going Concern**

Since its inception, and in line with its growth strategy, the Company has prepared its financial statements assuming it will continue as a going concern. As of September 30, 2023, the Company had an accumulated deficit of \$13.1 million. For the nine months ended September 30, 2023 and September 30, 2022, the Company had net losses of \$2.3 million and \$1.8 million, respectively, and cash used in operating activities of \$2.9 million and \$1.4 million, respectively. To date, the Company has not generated sufficient liquidity to fund its operations and has relied on funding through a combination of debt and equity financing. Despite the close of the Merger on September 22, 2023, the Company has determined additional financing will be required to fund its operations for the next twelve months and the ability of the Company to continue as a going concern is dependent upon obtaining such additional financing.

As further discussed in Note 3, on September 22, 2023, the Company completed the Merger, that included a private placement of an aggregate amount of \$20.0 million of the Company's shares of common stock (referred to as the "PIPE"). The proceeds received from the Merger and PIPE, net of transaction costs, totaled \$8.5 million.

The Company has raised and plans on raising further funds through the issuance of its common stock. While the Company believes in the viability of its ability to raise additional funds, there can be no assurances to that effect. These matters raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the issue date of this Quarterly Report. These financial statements have been prepared assuming the Company will continue as a going concern and do not include adjustments to reflect the possible effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

#### **Risks and Uncertainties**

The Company is subject to risks common to companies in the pharmaceutical industry including, but not limited to, uncertainties related to commercialization of competitor products, regulatory approvals, dependence on key products, dependence on key customers and suppliers, and protection of intellectual property rights. Clinical assets currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing and regulatory approval prior to commercialization. These efforts will require significant amounts of additional capital, adequate personnel, infrastructure, and extensive compliance and reporting capabilities. Even if the Company's efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales.

In addition, on March 11, 2020, the World Health Organization declared the Coronavirus Disease 2019 ("COVID-19") a global pandemic. The pandemic has been a highly disruptive economic and societal event that remains unpredictable. Its duration and extent continue to be dependent on various developments, such as the emergence of variants to the virus that may cause additional strains of COVID-19, the administration and ultimate effectiveness of vaccines, and the eventual timeline to achieve a sufficient level of herd immunity among the general population. Accordingly, the COVID-19 pandemic may continue to have negative effects on the health of the U.S. and other economies for the foreseeable future.

As this crisis has unfolded, the Company has continued to monitor conditions and adapt its operations to meet federal, state, and local standards. The Company cannot predict the duration or severity of the COVID-19 pandemic or its ultimate impact on the broader economy or the Company's operations and liquidity.

Due to the pandemic, all clinical trials in the United Kingdom that were not related to COVID-19 were put on hiatus for significant portions of the nine months ended September 30, 2022. As a result, during the hiatus, the Company shifted its activities to focus on clinical trials related to COVID-19.

## Summary of Significant Accounting Policies

### Cash and Cash Equivalents

Cash and cash equivalents are primarily maintained with major financial institutions in the United Kingdom and Switzerland. The Company considers cash equivalents to be short-term, highly liquid investments that (a) are readily convertible into known amounts of cash, (b) are traded and held for cash management purposes, and (c) have original maturities of three months or less at the time of purchase. The Switzerland bank accounts holding cash balances are uninsured. The Company has not experienced any losses on this account through the nine months ended September 30, 2023.

The Company had \$8.6 million in cash and cash equivalents on hand as of September 30, 2023. The Company did not have any cash and cash equivalents on hand as of December 31, 2022.

### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Estimates are based on several factors including the facts and circumstances available at the time the estimates are made, historical experience, risk of loss, general economic conditions and trends, and the assessment of the probable future outcome. Subjective and significant estimates include, but benefits are not necessarily limited to, the inputs used to determine the fair value contractually due and owing by virtue of convertible notes payable, the Cizzle Biotechnology Holdings PLC ("Cizzle") and Vela Technologies PLC ("Vela") options and the amount to reserve for the related party loan receivable. Actual results could differ materially from such estimates. Estimates and assumptions are reviewed periodically by management and changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. The effects of changes are reflected in the financial statements in the period that they are determined.

### Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. In determining fair value, the Company used various valuation approaches. A fair value hierarchy has been established for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company.

Unobservable inputs reflect the Company's assumption about the inputs that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels, based on the inputs, as follows:

- Level 1—Valuations based on quoted prices for identical instruments in active markets. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.
- Level 2—Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for either similar instruments in active markets, identical or similar instruments in markets that are not active, or model-derived valuations whose inputs or significant value drivers are observable or can be corroborated by observable market data.
- Level 3—Valuations based on inputs that are unobservable. These valuations require significant judgment.

The Company's Level 1 assets consist of cash and cash equivalents in the accompanying balance sheets and the value of accrued expenses and other current liabilities approximate fair value due to the short-term nature of these assets and liabilities.

As of September 30, 2023, the Company has two financial liabilities, an option liability for which the fair value is determined based on Level 3 inputs as such inputs are not readily observable, and a warrant liability for which the fair value is determined based on Level 2 inputs as such inputs are based on observable inputs other than quoted prices. See Note 4 and Note 6 for further information on the Company's financial liabilities carried at fair value.

### **Research and Development and Funding**

Research and development expenses consist primarily of costs incurred in connection with the research and development of our clinical assets and programs. Funding expenses consist primarily of costs incurred in connection with the Company providing funding to St George Street Capital ("SGSC") to carry out its research and development activities. SGSC holds all licenses to conduct clinical research through third party pharmaceutical companies. The Company expenses research and development costs and intangible assets acquired that have no alternative future use as incurred. These expenses include:

- expenses incurred under agreements with organizations that support the Company's drug discovery and development activities;
- expenses incurred in connection with the preclinical and clinical development of the Company's clinical assets and programs, including under agreements with contract research organizations, or CROs;
- costs related to contract manufacturing organizations, or CMOs, that are primarily engaged to provide drug substance and product for our clinical trials, research and development programs, as well as investigative sites and consultants that conduct the Company's clinical trials, nonclinical studies and other scientific development services;
- the costs of acquiring and manufacturing nonclinical and clinical trial materials, including manufacturing registration and validation batches;
- employee-related expenses, including salaries, related benefits and equity-based compensation expense, for employees engaged in research and development functions;
- costs related to compliance with quality and regulatory requirements;
- payments made under third-party licensing agreements; and
- direct and allocated costs related to facilities, information technology, personnel and other overhead.

Advance payments that we make for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. Such amounts are recognized as an expense as the goods are delivered or consumed or the related services are performed, or until it is no longer expected that the goods will be delivered, or the services rendered.

### **General and Administrative Expenses**

General and administrative expenses consist primarily of salaries and related costs for personnel in executive management, finance, corporate and business development, and administrative functions. General and administrative expenses also include legal fees relating to patent and corporate matters; professional fees for accounting, auditing, tax, and administrative consulting services; insurance costs; administrative travel expenses and other operating costs.

The Company has incurred increased accounting, audit, legal, regulatory, compliance and director and officer insurance costs as well as investor and public relations expenses associated with being a public company. The Company anticipates that its general and administrative expenses will increase in the future as it increases its headcount to support the development of its clinical assets and programs and with continued research and development activities.

### **Income Taxes**

ASC Topic 740, *Income Taxes*, sets forth standards for financial presentation and disclosure of income tax liabilities and expense. Interest and penalties recognized have been classified in the unaudited condensed consolidated statements of operations and comprehensive income (loss) as income taxes. Deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases and operating losses carried forward. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the unaudited condensed consolidated statements of operations and comprehensive income (loss) in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits of which future realization is uncertain.

### **Earnings/(Net Loss) per Share Attributable to Common Stockholders**

The Company calculates basic and diluted earnings/(net loss) per share attributable to common stockholders using the two-class method under ASC Topic 260, *Earnings Per Share*(c) Restricted Stock Units. Basic earnings/(net loss) per share attributable to common stockholders is computed by dividing the net income/(loss) attributable to common stockholders by the number of weighted-average common shares outstanding for the period. Diluted earnings/(net loss) attributable to common stockholders is computed by adjusting net income/(loss) attributable to common stockholders to reallocate undistributed earnings

based on the potential impact of any dilutive securities. Diluted earnings/(net loss) per share attributable to common stockholders is computed by dividing the diluted net income/(loss) attributable to common stockholders by the number of weighted-average common shares outstanding for the period including potential dilutive common shares. All potentially dilutive securities have been excluded from the diluted net loss per share calculations for the three and nine months ended September 30, 2022, respectively, as the assumed issuance of all such potentially dilutive shares would have had an anti-dilutive effect. All potentially dilutive securities have been included in the diluted earnings per share calculation for the three months ended September 30, 2023, as the Company was in a net income position. When computing diluted net loss per share, the numerator is also adjusted by changes in the fair value of potentially dilutive securities that are liability-classified. As a result, the Company's option liability was dilutive for the nine months ended September 30, 2023, even though the Company reported a net loss during that period.

### **Investments in Equity Securities**

Investments in Each equity securities that have a readily determinable fair value are reported at fair value. Changes in fair value between accounting periods are recorded in other income (expense), net, in the unaudited condensed consolidated statements of operations and comprehensive income (loss). Realized gains or losses upon sale are recorded in other income (expense), net, in the unaudited condensed consolidated statements of operations and comprehensive income (loss). The Company did not hold any available for sale or trading securities as of September 30, 2023 or December 31, 2022.

### **Warrants**

The Company determines whether warrants should be classified as equity or as liabilities in accordance with the guidance contained in FASB ASC 815, “*Derivatives and Hedging*”. Under ASC 815-40 warrants that meet the criteria for equity classification are recorded in stockholders’ deficit. The warrants are subject to re-evaluation of the proper classification and accounting treatment at each reporting period. If the warrants no longer meet the criteria for equity classification, they will be classified to liabilities and remeasured each period with changes recorded in the consolidated statement of operations.

### **Intangible Assets**

Intangible assets subject to amortization include a developed patent. The Company qualitatively evaluates intangible assets for impairment annually or whenever events or changes in circumstances indicate that it is more likely than not the carrying amount of intangible assets may exceed their implied fair values. The Company recorded an immaterial amount for the intangible asset and an immaterial amount of amortization expense for the periods ended September 30, 2023 and September 30, 2022. As of September 30, 2023 and December 31, 2022, no indicators of impairment of the intangible asset were identified.

### **Related Party Loan**

The loans made to a related party is stated at a total principal amount of \$0.8 million, with \$0.1 million and \$0.6 million outstanding at September 30, 2023 and December 31, 2022, respectively. The Company recorded an allowance in full of the \$0.1 million and \$0.6 million for potential loan losses as of September 30, 2023 and December 31, 2022, respectively, resulting in no balance on the face of the balance sheet as of September 30, 2023 and December 31, 2022, respectively. The loan carries no interest, and as such, no interest receivable is recorded. The Company recorded a full reserve against the loan as the related party did not have the ability to repay the loans as of December 31, 2022. On September 22, 2023, one of the related parties paid back a significant portion of its outstanding loan and the Company forgave the remaining portion of the loan. The loan forgiveness totaled \$12 thousand and was recorded in other income (expense), net on the Company’s unaudited condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended September 30, 2023.

### **Foreign Currency Translation**

Monetary assets and liabilities in the Company’s functional currency, the British pound, are re-measured into the reporting currency at the rates of exchange prevailing at the reporting date. Income and expense transactions in the functional currency are re-measured into the reporting currency at the average exchange rate prevailing during the reporting period. Non-monetary items in functional currency are re-measured into the reporting currency at the historical exchange rate (i.e., the rate of exchange at the date of the transaction). The gains or losses resulting from foreign currency translation are included in the statements of operations and comprehensive income (loss).

### **Emerging Growth Company Status**

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that: (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Following the Merger, the Company will remain an emerging growth company, as defined by the Jumpstart Our Business Startups act of 2012, until the earliest of (i) the last day of the combined entity's first fiscal year following the fifth anniversary of the completion of MURF's initial public offering (the “MURF IPO”), (ii) the last day of the fiscal year in which the combined entity has total annual gross revenue of at least \$1.235 billion, (iii) the last day of the fiscal year in which the combined entity is deemed to be a large accelerated filer, which means the market value of the combined entity's common stock that is held by non-affiliates exceeds \$700.0 million as of the prior December 31st or (iv) the date on which the combined entity has issued more than \$1.0 billion in non-convertible debt securities during the prior three year period.

### **2. Revision of Previously Issued Financials**

During the current period, the Company discovered an error in its financial statements as of the nine months ended September 30, 2022, as filed in the Company's Registration Statement, as filed on February 1, 2023. The Company discovered an error in its accounting for the change in fair value of shares receivable from Cizzle, which resulted in the Company understating deferred revenue and net loss. Management has evaluated this misstatement, which understated deferred revenue and net loss, and concluded it was not material to prior periods, individually or in the aggregate. Correcting the cumulative effect of the error in the current period would not have had a material effect on the results of operations for such period as the misstatement was corrected as of the year ended December 31, 2022. Therefore, the Company is revising the relevant prior period unaudited financial statements and related footnotes for this error. Additionally, comparative prior period amounts in the applicable notes to the unaudited condensed consolidated financial statements have been revised and certain prior year amounts have been adjusted for consistency with the current year presentation.

The impact of the errors described above on the condensed consolidated balance sheets as of September 30, 2022 is as follows (in thousands):

<b>As of September 30, 2022</b>							
<b>(Unaudited)</b>							
	<b>As Previously Reported</b>		<b>Adjustment</b>	<b>As Revised</b>			
<b>Condensed Consolidated Balance Sheets (in thousands)</b>							
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>							
Liability related to the sale of future revenue	\$ 3,564	\$ 191	\$ 3,755				
<b>Stockholders' deficit</b>							
Accumulated deficit	(7,477)	(216)	(7,693)				
Accumulated other comprehensive income	1,179	25	1,204				
<b>Total stockholders' deficit</b>	<b>\$ (6,298)</b>	<b>\$ (191)</b>	<b>\$ (6,489)</b>				

The impact of the errors described above on the condensed consolidated statement of operations and comprehensive loss for the nine months ended September 30, 2022 is as follows (in thousands):

<b>For the nine months ended September 30, 2022</b>					
<b>(Unaudited)</b>					

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Revised</u>
<b>Condensed Consolidated Statement of Operations and Comprehensive Loss (in thousands)</b>			
<b>Other income (expenses):</b>			
Other income (expense), net	\$ (114)	\$ (216)	\$ (330)
<b>Total other (expense) income, net</b>	<u>(114)</u>	<u>(216)</u>	<u>(330)</u>
<b>Net income (loss)</b>	<u>\$ (1,600)</u>	<u>\$ (216)</u>	<u>\$ (1,816)</u>
<b>Comprehensive income (loss):</b>			
Foreign currency translation adjustment	1,244	25	1,269
<b>Total comprehensive income (loss)</b>	<u>\$ (356)</u>	<u>\$ (191)</u>	<u>\$ (547)</u>

The impact of the errors described above on the condensed consolidated statement of cash flows for the nine months ended September 30, 2022 is as follows (in thousands):

	<b>For the nine months ended September 30, 2022</b>		
	<b>(Unaudited)</b>		
	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Revised</u>
<b>Condensed Consolidated Statement of Cash Flows (in thousands)</b>			
<b>Cash flows from operating activities:</b>			
Net loss	\$ (1,600)	\$ (216)	\$ (1,816)
Adjustments to reconcile net loss to net cash used in operating activities:			
(Gain) loss on change in fair value of Cizzle option	-	216	216

### 3. Merger

As discussed in Note 1 - *Summary of Significant Accounting Policies*, on September 22, 2023, the Company and MURF completed the Merger. Upon the closing of the Merger, the following occurred:

- Each share of Old Conduit common stock issued and outstanding immediately prior to the closing of the Merger, which totaled 2,000 shares, was exchanged for the right to receive 32,313.215 shares of the Company's Common Stock ("Common Stock") resulting in the issuance of 64,626,430 shares of Conduit Pharmaceuticals, Inc. Common Stock.
- In addition to the shares issued to legacy Conduit shareholders noted above, an additional 373,570 shares of Common Stock was issued to Conduit convertible note holders, resulting in a total of 65,000,000 shares of Common Stock being issued to Conduit shareholders and holders of Conduit convertible notes payable.
- In connection with the Merger, 45,000 share of MURF Class A common stock held by the MURF Sponsor was transferred to MURF Directors. Each share was exchanged on a one-for-one basis for shares of Common Stock.
- Each share of MURF Class A common stock held by the MURF Sponsor prior to the closing of the Merger, which totaled 709,000 shares, was exchanged for, on a one-for-one basis for shares of Common Stock.
- Each share of MURF common stock subject to possible redemption that was not redeemed prior to the closing of the Merger, which totaled 58,066 shares, was exchanged for, on a one-for-one basis for shares of Common Stock.
- In connection with the Merger, 3,306,250 shares of MURF Class B common stock held by the Sponsor was automatically converted into shares of MURF Class A common stock and then subsequently converted into shares of Common Stock on a one-for-one basis.

- In connection with the Merger, A.G.P./Alliance Global Partners (“A.G.P.”), whom acted as a financial advisor to both MURF and Conduit, was due to receive (i) a cash fee of \$6.5 million, 1,300,000 shares of Common Stock and warrants to purchase 54,000 shares of Common Stock at an exercise price of \$11.00 per share pursuant to its engagement agreement with Conduit entered into on August 2, 2022 and (ii) \$4.6 million of deferred underwriting fees as a result of its engagement for MURF’s initial public offering. Upon closing of the Merger, A.G.P. received a cash payment of \$5.6 million, 1,300,000 shares of Common Stock, and 54,000 warrants to purchase 54,000 shares of Common Stock. The remaining \$5.7 million of cash payments due to A.G.P. upon closing of the Merger was deferred and to be paid on or before March 21, 2025, with annual interest of 5.5%.
- In connection with the Merger, MURF entered into subscription agreements (the “Subscription Agreements”) with certain accredited investors (the “PIPE Investors”) for an aggregate of 2,000,000 units, with each unit consisting of one share of Company common stock (the “PIPE Shares”), together with one warrant exercisable into one share of Company common stock (the “PIPE Warrants”), at a purchase price of \$10.00 per unit, for an aggregate purchase price of \$20,000,000 (the “PIPE Financing”). Upon the closing of the PIPE Financing (which closed in connection with the closing of the Merger), the Company received \$20.0 million in cash from the PIPE Financing, which was used to settle related party promissory notes issued by MURF to the MURF Sponsor and an affiliate of the MURF Sponsor as well as transaction costs.
- The proceeds received by the Company from the Merger and PIPE Financing, net of transaction costs, totaled \$8.5 million.
- The Merger was accounted for as a reverse recapitalization in accordance with U.S. GAAP. Under this method of accounting, MURF was treated as the acquired company for financial reporting purposes (see Note 1 for further details). Accordingly, for accounting purposes, the Merger was treated as the equivalent of the Company issuing shares for the net assets of MURF, accompanied by a recapitalization. The net assets of MURF were stated at historical cost with no goodwill or other intangible assets recorded.

The following table presents the total Common Stock outstanding immediately after the closing of the Merger:

	Number of Shares
Exchange of MURF common stock subject to possible redemption for Conduit Pharmaceuticals Inc. common stock	58,066
Exchange of MURF Class A common stock held by MURF Directors for Conduit Pharmaceuticals Inc. common stock	45,000
Exchange of MURF Class A common stock held by MURF Sponsor for Conduit Pharmaceuticals Inc. common stock	4,015,250
Subtotal - Merger, net of redemptions	4,118,316
Issuance of Conduit Pharmaceuticals Inc. common stock in connection with PIPE Financing	2,000,000
Exchange of Conduit Pharmaceuticals Limited ordinary shares for Conduit Pharmaceuticals Inc. common stock on the Closing Date	64,626,430
Issuance of Conduit Pharmaceuticals Inc. common stock to holders of Conduit Pharmaceuticals Limited convertible notes on the Closing Date	373,570
Issuance of Conduit Pharmaceuticals Inc. common stock to an advisor for services directly related to the Merger	1,300,000
Total - Conduit Pharmaceuticals Inc. common stock outstanding as a result of the Merger, PIPE Financing, exchange of Conduit Pharmaceuticals Limited shares for shares of Conduit Pharmaceuticals Inc., issuance of Conduit Pharmaceuticals Inc. common stock to holders of Conduit Pharmaceuticals Limited convertible notes, and advisors.	72,418,316

#### 4. Fair Value

The following table presents as of September 30, 2023 the Company's liabilities subject to measurement at fair value on a recurring basis (in thousands):

	Fair Value Measurements as of September 30, 2023				
	Level 1	Level 2	Level 3	Total	
<b>Liabilities:</b>					
Option liability	\$ -	\$ -	\$ 742	\$ 742	\$ 742
Liability Classified Warrants	-	92	-		92
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 92</b>	<b>\$ 742</b>	<b>\$ 834</b>	

The following table presents as of December 31, 2022 the Company's liabilities subject to measurement at fair value on a recurring basis (in thousands):

	Fair Value Measurements as of December 31, 2022				
	Level 1	Level 2	Level 3	Total	
<b>Liabilities:</b>					
Convertible notes payable	\$ -	\$ -	\$ 1,835	\$ 1,835	\$ 1,835
Option liability	\$ -	\$ -	\$ 1,417	\$ 1,417	\$ 1,417
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,252</b>	<b>\$ 3,252</b>	

The following table presents additional information about the convertible notes payable subject to measurement at fair value on a recurring basis for which the Company used significant unobservable inputs (Level 3) (in thousands):

	Amount
Balance as of December 31, 2022	\$ 1,835
Issuance of debt	1,468
Change in fair value	423
Foreign currency exchange impact	(41)
Conversion to 373,570 shares of common stock in connection with the Merger	(3,685)
<b>Balance as of September 30, 2023</b>	<b>\$ -</b>

The convertible notes payable were valued using the fair value option and are considered Level 3 measured instruments. See Note 7 for additional information. Due to the embedded derivatives included in the convertible notes payable, the Company elected to use the fair value option. The fair value was determined based upon a probability-weighted present value approach under three scenarios that consider the provisions of the convertible notes payable. The following table outlines the range of significant unobservable inputs as of September 22, 2023, the closing date of the Merger, and December 31, 2022, respectively:

Unobservable input - Change of control	Assumption	
	2023	2022
Probabilities of conversion provisions	100 %	10 - 90 %
Estimated timing of conversion*	N/A	0.25 - 1.41 years
Time period to maturity*	N/A	1.41 years
Risk-adjusted discount rate	7.3 %	6.1 %

\* The Merger occurred on September 22, 2023, at which point the convertible notes converted into Common Stock. As such, the timing of the conversion was September 22, 2023 and the time period to maturity was no longer relevant as the notes converted.

### **Cizzle Option Liability**

The option liability related to Cizzle was valued using public market research to determine the probability of success that similar studies in the respiratory and cardiovascular disease areas and a Black-Scholes pricing model. In reviewing the public market research, the Company determined the phase transition success rates for trials similar to the related to COVID-19 (the "Covid Asset") from Phase I to Phase II was 52.7%. In applying this rate to the sale of future revenue consideration realized, the Company determined the total underlying Covid Asset values to be \$2.8 million. The Company used the underlying Covid Asset value within a Black-Scholes model to determine the fair value was \$1.4 million December 31, 2022. In accordance with ASC 815, the fair value of the option was remeasured at the end of each reporting period, with changes in fair value recorded to the statement of operations and comprehensive income (loss). On September 26, 2023, Cizzle exercised the option and exchanged its right to future revenue for 395,460 shares of Common Stock.

### **Vela Option Liability**

The option liability was valued using public market research to determine the probability of successful clinical trials for the Covid Asset. The probability was determined based on studies of clinical trials for assets similar to the Covid Asset. After this probability was estimated it was then utilized as an input into a Monte Carlo Simulation model in order to value the option liability. In reviewing the public market research, the Company determined the phase transition success rates for trials similar to the Covid Asset from Phase I to Phase II was 52.7%. In applying this rate to the sale of future revenue consideration realized, the Company determined the total underlying Covid Asset values to be \$4.4 million. The Company used the underlying Covid Asset value within a Monte Carlo Simulation model to determine the fair value was \$0.7 million at September 30, 2023. The option was issued in the second quarter of 2023, and as such, did not have a fair value at December 31, 2022. In accordance with ASC 815, the fair value of the option will be remeasured at the end of each reporting period, with changes in fair value recorded to the unaudited condensed consolidated statements of operations and comprehensive income (loss). As of September 30, 2023, the Company recorded an option liability of \$0.7 million on the balance sheet.

The following table presents additional information about the option liability subject to measurement at fair value on a recurring basis for which the Company used significant unobservable inputs (Level 3) (in thousands):

	<b>Amount</b>
Balance as of December 31, 2022	\$ 1,417
Option issued	1,505
Change in fair value	(2,054)
Option exercise	(151)
Foreign currency exchange impact	25
Balance as of September 30, 2023	<hr/> \$ 742

### **Liability Classified Warrants**

The warrants issued to the PIPE Investor and an advisor in connection with the Merger are accounted for as liabilities in accordance with ASC 815-40 and are presented within Warrant liabilities in the unaudited condensed consolidated balance sheets. Warrant liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of warrant liabilities in the unaudited condensed consolidated statements of operations and comprehensive income (loss).

The measurements of the liability classified warrants are classified as Level 2 fair value measurements due to the use of an observable market quote for the Company's publicly traded warrants, which are considered to be a similar asset in an active market.

The warrant liabilities are calculated by multiplying the quoted market price of the Company's publicly traded warrants by the number of liability classified warrants.

During the period ended September 30, 2023, there were no transfers between Level 1 and Level 2, nor into or out of Level 3.

## 5. Balance Sheet Details – Current Assets and Current Liabilities

Current assets consisted of the following as of September 30, 2023 and December 31, 2022 (in thousands):

	<u>As of September 30,</u>	<u>As of December 31,</u>
	<u>2023</u>	<u>2022</u>
Prepaid directors and officers insurance	\$ 1,706	\$ -
Other prepaid expenses	93	-
<b>Total prepaid expenses and other current assets</b>	<b>\$ 1,799</b>	<b>\$ -</b>

Current liabilities consisted of the following as of September 30, 2023 and December 31, 2022 (in thousands):

	<u>As of September 30,</u>	<u>As of December 31,</u>
	<u>2023</u>	<u>2022</u>
Professional service fees	\$ 1,615	\$ 2,246
Accrued directors & officers insurance	1,066	-
Convertible promissory note payable	804	-
Option liability, current portion	742	-
Notes payable, current portion	177	-
Other	131	-
Accounts payable	35	-
Payroll	33	338
Income taxes payable	-	-
<b>Total current liabilities</b>	<b>\$ 4,603</b>	<b>\$ 2,584</b>

## 6. Liability Related to the Sale of Future Revenue

### *Indirect Investment Regarding the Covid Asset*

On June 3, 2020, the Company entered into an agreement with SGSC for an indirect investment in the Covid Asset. Under the terms of the agreement, SGSC agreed to pay the Company a royalty of 30% of sales in excess of \$24.5 million (£19.2 million) of the Covid Asset should it reach the commercialization stage and generate revenue in exchange for the Company funding SGSC's research and development efforts. As of September 30, 2023, the Company provided a total of \$0.3 million in funding to SGSC.

### *Vela Technologies PLC*

The Company entered into an Agreement with SGSC to approve an Indirect Investment from Vela Technologies PLC ("Vela") on October 20, 2020, whereby Vela agreed to provide funding to the Company for an indirect investment in the Covid Asset for use in the field in exchange for 8% of future revenue earned if the Covid Asset is commercialized (the "Vela Agreement"). Total consideration under the Vela Agreement was \$2.9 million (£2.35 million), consisting of \$1.6 million (£1.25 million) cash and the issuance of 1.1 billion common shares in Vela, which based on the Vela's fair value per share at September 10, 2021, was \$1.3 million. The Company received the \$1.5 million (£1.25) million cash consideration during the year ended December 31, 2020. This consideration was recorded in deferred income as a liability on the balance sheet in accordance with ASC 470-10.

In April 2023, the Company entered into an agreement with Vela which granted Vela the right, but not the obligation, to sell its 8% royalty interest in the Covid Asset back to Conduit. Vela paid a one-time, non-refundable option fee to Conduit of \$0.5 million (£0.4 million). Total consideration payable to Vela upon exercise of the option is \$4.9 million (£4.0 million) worth of new common shares in the combined entity after the Merger between Conduit Pharmaceuticals Limited and MURF, following the consummation of the Merger, at a price per share equal to the volume-weighted average price per share over the ten (10) business days prior to the date of the notice of exercise. The option contains a provision stating that in no event shall the price per share for the consideration shares be lower than \$5 or higher than \$15. The option is exercisable in whole at any time from the close of the Merger (the "Effective Time") until the earlier of (i) the date that is six (6) months from the Effective Time, and (ii) February 7, 2024, the expiration date of the term.

### *Cizzle Biotechnology Holdings PLC*

On February 11, 2022, the Company entered into an agreement with Cizzle PLC ("Cizzle") whereby Cizzle agreed to purchase a percentage of future revenue earned in the Covid Asset, should it reach the commercialization stage. Total consideration under the agreement is specified as \$1.6 million (£1.2 million), consisting of the issuance of the fair value of 25.0 million new

common shares in Cizzle on the date of the agreement and the fair value of 22.0 million shares to be issued at the earlier of Cizzle's shareholder approval or one year from the date of the agreement. The 22.0 million shares were received by the Company in the fourth quarter of 2022 and were subsequently sold within the fourth quarter of 2022. The Company recorded a liability related to deferred revenue of \$1.4 million for the consideration received from Cizzle.

The payments received for the sale of future revenue will be classified as deferred income. Under ASC 470-10-25, a seller of future revenue should evaluate whether the proceeds received should be accounted for as debt or deferred income. In assessing the factors that created a rebuttable presumption of debt within the guidance, the Company determined that there were factors present to overcome the debt presumption and deferred income classification to be appropriate. The main factors the Company considered were that the transactions in form were sales, and not debt transactions. Each agreement does not guarantee a return to each purchaser, the return is based solely on future performance of the Covid Asset should it reach commercialization, with neither purchaser having an involvement in generating future cash flows from the Covid Asset.

The following table presents as of September 30, 2023 the Company's liability for the sale of future revenue (in thousands):

	<b>Liability related to the sale of future royalties</b>
December 31, 2022	\$ 4,083
Sale of future royalties	-
Reversal of future royalties upon option exercise	(1,480)
Foreign currency exchange impact	62
September 30, 2023	<u><u>\$ 2,665</u></u>

On December 15, 2022, the Company entered into an agreement with Cizzle whereby the Company granted Cizzle the option, but not the obligation, to sell its economic interest in the Covid Asset back to the Company. The agreement contained an option period of nine months from the date of the agreement for Cizzle to notify the Company of its intent to exercise the option to sell its economic interest in the Covid Asset. Upon closing of the agreement, Cizzle agreed to pay the Company an option fee of \$0.1 million (£0.1 million). If Cizzle does exercise the right to sell its interest in the Covid Asset, consideration payable by the Company to Cizzle is \$4.0 million (£3.25) million through the issuance of new Common Stock in the combined entity post-Merger at the same price per share of the proposed PIPE investment in the Company by new and existing investors.

On September 26, 2023, Cizzle exercised its option to sell back its indirect investment in the Covid Asset in exchange for 395,460 shares of the Common Stock. The Company de-recognized \$1.5 million of deferred revenue recorded for future revenue owed to Cizzle on the Company's unaudited condensed consolidated balance sheet and recorded \$1.5 million to other income (expense), net, on the unaudited condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended September 30, 2023. As of September 30, 2023, there was no liability for the sale of future revenue related to Cizzle.

## 7. Convertible Notes Payable

On May 27, 2021, the Company approved a Master Convertible Loan Note Instrument (the "2021 Convertible Loan Note Instrument"), permitting the Company to issue convertible notes in a maximum aggregate principal amount of up to \$1.4 million (£1.0 million). The convertible notes issuable **Executive** under the 2021 Convertible Loan Note Instrument mature three years after issuance to the respective noteholders and bear 5% interest, only to be paid to the noteholders in the event of a material breach by the Company of the terms of the 2021 Convertible Loan Note Instrument. In the event of a Change of Control (as defined in the 2021 Convertible Loan Note Instrument), the convertible notes issued under the 2021 Convertible Loan Note Instrument automatically convert into common shares of the Company at a conversion price equal to a 20% discount to the price per share paid for the most senior class of shares in respect of such Change of Control. The Company, with consent from the noteholders, may prepay the convertible notes payable issued under the 2021 Convertible Loan Note Instrument without penalty. The convertible notes payable issued under the 2021 Convertible Loan Note Instrument are general, unsecured obligations of the Company.

On August 26, 2022, under the terms of the 2021 Convertible Loan Note Instrument, the Company issued a \$0.5 million (£0.4 million) convertible note payable to an investor.

On October 6, 2022, under the terms of the 2021 Convertible Loan Note Instrument, the Company issued a \$67 thousand (£50 thousand) convertible note payable to an investor. As of October 6, 2022, \$1.3 million (£950,000) 2021 Convertible Loan Notes were issued and outstanding.

On November 1, 2022, the Company approved a master Convertible Loan Note Instrument (the “2022 Convertible Loan Note Instrument”), permitting the Company to issue convertible notes payable for a maximum aggregate principal amount of up to \$3.3 million (£3.0 million). The convertible notes payable issuable under the 2022 Convertible Loan Note Instrument mature three years after issuance to the respective noteholders and bear 5% interest, only to be paid to the noteholders in the event of a material breach by the Company of the terms of the 2022 Convertible Loan Note Instrument. In the event of a Change of Control (as defined in the 2022 Convertible Loan Note Instrument), the convertible notes payable issued under the 2022 Convertible Loan Note Instrument automatically convert into common shares of the Company at a conversion price equal to a 20% discount to the price per share paid for the most senior class of shares in respect of such Change of Control. The Company, with consent from the noteholders, may prepay the convertible notes payable issued under the 2022 Convertible Loan Note Instrument without penalty. The convertible notes payable issued under the 2022 Convertible Loan Note Instrument are general, unsecured obligations of the Company.

On November 16, 2022, under the terms of the 2022 Convertible Loan Note Instrument, the Company issued convertible notes payable with an aggregate principal amount of \$0.4 million (£0.3 million) to an investor.

During January and February 2023, under the terms of the 2022 Convertible Loan Note Instrument, the Company issued convertible notes payable with an aggregate principal amount of \$0.9 million (£0.8 million) to non-related third parties.

As discussed in Note 15 – Related Party Transactions, during January and February 2023, under the terms of the 2022 Convertible Loan Note Instrument, the Company issued convertible notes payable with an aggregate principal amount of \$0.4 million (£0.3 million) to the CEO of Corvus.

The Company elected to fair value the convertible notes payable issued under the 2021 and 2022 Convertible Loan Note Instruments. At the end of each reporting period, the Company calculates the fair value of the convertible notes payable, and any changes in fair value are reported in other income (expense), net, in the current period’s unaudited condensed consolidated statements of operations and comprehensive income (loss). There has been no change in fair value from a change in credit quality. On September 22, 2023, as discussed in Note 3 - Merger, the Company and MURF completed the Merger, at which point all outstanding convertible notes issued under the 2021 and 2022 Convertible Loan Instruments converted into 373,570 shares of Common Stock. For the period from July 1, 2023 through September 22, 2023, the closing date of the Merger, the Company recorded a loss from the change in fair value of convertible notes payable of \$0.1 million in other income (expense), net, in its unaudited condensed consolidated statements of operations and comprehensive income (loss). On September 22, 2023, in connection with the Merger, the Company record an immaterial loss on extinguishment of convertible notes payable in other income (expense), net, in its unaudited condensed consolidated statements of operations and comprehensive income (loss).

For the three and nine months ended September 30, 2022, the Company recorded an immaterial loss from the change in fair value of convertible notes payable in other income (expense), net, in its unaudited condensed consolidated statements of operations and comprehensive income (loss). See Note 4 for additional information regarding the fair value measurement of convertible notes payable.

#### **Convertible Promissory Notes Payable**

During March 2023, the Company issued a convertible promissory note payable with an aggregate principal amount of \$0.8 million to a non-related third party. The note matures and is payable in full 18 months from the date of issuance. The note carries 20% interest, which is payable every six (6) months from the date of the note until the maturity date. The note was subject to conversion to MURF common stock upon consummation of the Merger prior to the maturity date. The promissory convertible note payable was not converted at the closing of the Merger and was also not converted as of September 30, 2023. Issuance costs associated with the note were immaterial and expensed as incurred on the Company’s unaudited condensed consolidated statements of operations and comprehensive income (loss). The Company has not elected the fair value option and will account for the promissory convertible note payable as a liability in accordance with ASC 480 on the Company’s balance sheet. The only subsequent measurement impact on a recurring basis until conversion (if conversion occurs) or prepayment (if prepayment occurs) will be to record the accrued interest as a liability and reduce the balances of the Note and its accrued interest for cash payments made against these balances. As of September 30, 2023, interest incurred on the convertible promissory note was \$86 thousand and was recorded to Interest expense, net, on the unaudited condensed consolidated statements of operations and comprehensive income (loss). As of September 30, 2023 interest payments to the borrower totaled \$81 thousand and were recorded as a reduction of accrued interest on the unaudited condensed consolidated balance sheet.

The Company notes that this issuance was outside of the terms of the 2022 Convertible Loan Note Instrument.

## **8. Loans Payable**

On May 1, 2022, the Company entered into Loan Agreements (the “Loans”) with two lenders, totaling \$0.2 million. The Loans mature two years from the date of the agreement and bear no interest. Each loan was made available to the Company by the lenders in three tranches of (i) \$33 thousand (£30 thousand); (ii) \$33 thousand (£30 thousand) and (iii) \$28 thousand (£25 thousand), totaling \$0.2 million. The Loans provided for events of default, including, among others, failure to make payment, bankruptcy and non-compliance with the terms of the Loans. As of September 30, 2023 the Company utilized all three tranches of the first loan and two out of three tranches of the second loan, with total loans payable at September 30, 2023 and December 31, 2022 of \$0.2 million and \$0.2 million, respectively.

## **9. Deferred Commission Payable**

As discussed in Note 3, A.G.P was a financial advisor to both the MURF and Old Conduit in connection with the Merger transaction. Upon the completion of the Merger, A.G.P.: (i) received a cash fee of \$6.5 million, 1,300,000 shares of Common Stock, and warrants to purchase 54,000 shares of Common Stock at an exercise price of \$11.00 per share pursuant to its engagement agreement with Old Conduit entered into on August 2, 2022, and (ii) agreed to defer payment, to be paid in the future under certain circumstances by a date no later than March 21, 2025, of \$5.7 million of fees plus annual interest of 5.5% as a result of its engagement for MURF’s IPO. The \$5.7 million deferred commissions payable was recorded as a non-current liability on the Company’s unaudited condensed consolidated balance sheet as of September 30, 2023. Accrued interest was recorded as a liability on the Company’s condensed consolidated balance sheet and totaled \$7 thousand as of September 30, 2023.

## **10. Share Based Compensation**

On September 22, 2023, in connection with the Merger, the Company adopted the Conduit Pharmaceuticals Inc. 2023 Stock Incentive Plan, as may be amended from time to time (the “2023 Plan” “Plan”), including without limitation, the restricted stock unit award covering 74,545 shares that was granted to Executive under the Plan on December 1, 2023, automatically shall be forfeited as of the Separation Date, in its entirety, for no consideration and without further action or notice, and Executive shall cease to have any rights under each such award.

(d) **Mutual Non-Disparagement**. Commencing on the Effective Date and at all times thereafter, Executive shall not, in any manner, directly or indirectly, make any oral or written statement to any person that disparages or places the Company, its affiliates, or any of their respective officers, employees, shareholders, investors, partners, directors, business relationships, members, managers or advisors in a false or negative light; provided, however, that nothing in this Agreement shall restrict Executive from making any truthful statement as required by law, legal process or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof). Commencing on the Effective Date and at all times thereafter, the Company shall not, and shall direct its affiliates and its senior executive officers and directors to refrain from, making in any manner, directly or indirectly, any oral or written statement to any person that disparages or places Executive in a false or negative light, including in any official statement, press release or public announcement; provided, however, that nothing in this Agreement shall restrict the Company or its senior executive officers and directors from making any truthful statement as required by law, legal process or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof).

## **5. Miscellaneous.**

(a) **Withholding**. The **2023 Plan** became effective Company or its affiliates, as applicable, may withhold from any amounts payable or benefits provided under this Agreement such federal, state, local, foreign or other taxes as will be required to be withheld pursuant to any applicable law or regulation (or require Executive to make arrangements satisfactory to the Company for the payment of such required withholding taxes).

(b) **Successors**. This Agreement is personal to Executive and without the prior written consent of the Company will not be assignable by Executive other than by will or the laws of descent and distribution. This Agreement will inure to the benefit of and be enforceable by Executive's surviving spouse, heirs and legal representatives. This Agreement will inure to the benefit of and be binding upon the **closing Company** and its affiliates, and their respective successors and assigns.

(c) **Final and Entire Agreement; Amendment; Waiver**. This Agreement, together with the Exhibits and the other documents referenced herein, represents the final and entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, negotiations and discussions between the Parties hereto and/or their respective counsel with respect to the subject matter hereof. Executive has not relied upon any representations, promises or agreements of any kind except those set forth herein in signing this Agreement. The provisions of this Agreement may be amended or waived only with the prior written consent of the **Merger Company** and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

(d) **Governing Law; Jurisdiction**. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to conflicts-of-law principles. Any action or proceeding by either Party to enforce this Agreement shall be brought only in any state or federal court located in San Diego County, California. The **2023 Plan** initially provides for the issuance of up to 11,497,622 shares of Common Stock. The number of authorized shares will automatically increase on January 1, 2024 and continuing annually on each anniversary thereof through (and including) January 1, 2033, equal Parties hereby irrevocably submit to the **lesser** exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

(e) **Notices**. All notices and other communications hereunder will be in writing and will be given by hand delivery or via e-mail to the other Party, or by registered or certified mail, return receipt requested, postage prepaid, or by overnight courier, addressed as follows: (i) **5%** if to Executive: at Executive's most recent address on the records of the **Shares outstanding Company**; and (ii) if to the Company: Conduit Pharmaceuticals Inc., 4995 Murphy Canyon Road, Suite 300, San Diego, CA 92123, Attn: Chairperson of the Board of Directors ([fleishall@gmail.com](mailto:fleishall@gmail.com)); or to such other address as either Party will have furnished to the other in writing in accordance herewith. Notice and communications will be effective on the **last** date of delivery if delivered by hand or e-mail, on the first business day following the date of dispatch if delivered utilizing overnight courier, or three business days after having been mailed, if sent by registered or certified mail.

(f) **Counterparts**. This Agreement may be executed in one or more counterparts (including by means of facsimile or other electronic transmission), each of which will be deemed an original, but all of which taken together will constitute one original instrument.

*(Signatures are on the following page)*

IN WITNESS WHEREOF, the Parties hereto have each executed this Agreement as of the **immediately preceding fiscal year** and (ii) such smaller number date first above written.

CONDUIT PHARMACEUTICALS INC.

/s/ Dr. David Tapolczay

By: Dr. David Tapolczay

Its: Chief Executive Officer

EXECUTIVE

/s/ Adam Sragovicz

Adam Sragovicz

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EXHIBIT A

Letter of Shares as determined by Resignation

May 12, 2024

Conduit Pharmaceuticals Inc.

4995 Murphy Canyon Road, Suite 300

San Diego, CA 92123

Attn: Chairperson of the Board or the Committee. The 2023 Plan allows for awards to be issued to employees or Directors

Effective as of May 15, 2024, I hereby resign (i) from any and non-employee directors in the form of options, stock appreciation rights, restricted stock, restricted stock units, performance stock units, dividend equivalents, other stock-based, or other cash-based awards. As of September 30, 2023, there were 11,425,204 shares of Common Stock available for issuance under the 2023 Plan.

In connection with the Merger, all positions held by me as discussed in Notes 1 and 3, the an officer, including as Chief Financial Officer, of Conduit Pharmaceuticals Inc. was granted 72,418 restricted stock units ("RSUs" (the "Company"). The total RSUs granted was equal to 0.10%, and (ii) from any and all positions held by me as an officer, manager or director of any subsidiaries or affiliates of the 72,418,316 shares of common stock of the Company outstanding as of the closing of the Merger. The RSUs vest in equal annual installments on the first three anniversaries of the closing of the Merger. No RSUs were vested as of September 30, 2023. Company.

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Sincerely,

/s/ Adam Sragovicz

Adam Sragovicz

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During the three and nine months ended September 30, 2023, there were no other awards granted, exercised or forfeited.

During the three and nine months ended September 30, 2023, there was \$10 thousand in stock-based compensation expense recognized related to the RSUs granted in connection with the Merger.

## 11. Income TaxesEXHIBIT B

### GENERAL RELEASE OF CLAIMS

For the nine months ended September 30, 2023, and 2022, the Company's effective tax rate was 0.0% and 0.0%, respectively, due to the current year tax loss and valuation allowance established against the Company's net deferred tax assets, and due to operating in a no tax jurisdiction, respectively.

## 12. Common Stock and Preferred Stock

As of September 30, 2023 and December 31, 2022, the Company has authorized the issuance of up to 250,000,000 and 400,000,000, shares of common stock, at a par value \$0.0001 per share, respectively

As This General Release of September 30, 2023, there were 72,813,776 shares of Common Stock issued Claims (this "Release") is made and outstanding. As of December 31, 2022, there were 64,626,430 shares of Common Stock issued and outstanding as a result of the retrospective application of the Merger, as discussed in Note 3. No cash dividends have been declared or paid entered into as of September 30, 2023.

On November 4, 2022, Conduit Pharmaceuticals Limited issued 1,000 common shares to Corvus Capital Limited. Corvus Capital Limited subsequently transferred 775 common shares to other investors. The 1,000 common shares converted into 32,313,215 shares this \_\_\_ day of May 2024, by and between Conduit Pharmaceuticals Inc. Common Stock upon the closing (the "Company") and Adam Sragovicz ("Executive"). In consideration of the Merger.

As mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of September 30, 2023, the which are hereby acknowledged, Company has authorized the issuance of up and Executive, intending to 1,000,000 shares of Conduit Pharmaceuticals, Inc. preferred stock (the "Preferred Stock"). As of December 31, 2022, no preferred shares were authorized for issuance.

As of September 30, 2023 and December 31, 2022, no shares of Preferred Stock were issued and outstanding.

Holders of the Common Stock (including any preferred stock designation) are entitled to one vote per share, and to receive dividends, on and if declared by the board of directors and, upon liquidation or dissolution, are entitled to receive all assets available for distribution, subordinate to the rights, preferences, and privileges of any outstanding preferred shares (if any) with respect to dividends and in connection with liquidation, winding up and dissolution of the Company. The holders have no preemptive or other subscription rights.

### 13. Earnings/(Net Loss) Per Share Attributable to Common Stockholders

The following table presents the calculation of basic and diluted earnings/(net loss) per share attributable to holders of Common Stock (in thousands, except share amounts and per share data):

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
<b>Numerator:</b>				
Net income (loss) - basic	\$ 1,986	\$ (956)	\$ (2,314)	\$ (1,816)
Less: Change in fair value and income impact of option liabilities	(2,189)	-	(2,527)	-
Net income (loss) - diluted	<u><u>\$ (203)</u></u>	<u><u>\$ (956)</u></u>	<u><u>\$ (4,841)</u></u>	<u><u>\$ (1,816)</u></u>
<b>Denominator:</b>				
Weighted average common stock outstanding, basic	65,410,172	32,313,215	64,890,548	32,313,215
Add: Option liability conversion shares	722,415	-	596,343	-
Weighted average shares used in computing net loss per share - diluted	<u><u>66,132,587</u></u>	<u><u>32,313,215</u></u>	<u><u>65,486,891</u></u>	<u><u>32,313,215</u></u>
Net income (loss) per share attributable to common shareholders, basic	<u><u>\$ 0.03</u></u>	<u><u>\$ (0.03)</u></u>	<u><u>\$ (0.04)</u></u>	<u><u>\$ (0.06)</u></u>
Net income (loss) per share attributable to common shareholders, diluted	<u><u>\$ (0.00)</u></u>	<u><u>\$ (0.03)</u></u>	<u><u>\$ (0.07)</u></u>	<u><u>\$ (0.06)</u></u>

Potentially dilutive securities (upon conversion) that were not included in the diluted per share calculations because they would have been anti-dilutive were be legally bound, hereto agree as follows:

	As of September 30,	As of September 30,
	2023	2022
Equity classified warrants	13,979,000	-
Liability classified warrants	20,540,000	-
Convertible notes payable	-	900,000
Convertible promissory notes payable	80,500	-
Restricted stock units	<u><u>72,418</u></u>	<u><u>-</u></u>
	<u><u>34,671,918</u></u>	<u><u>900,000</u></u>

#### 1. Employment Status

### 14. Commitments and Contingencies

#### Legal Proceedings

The Company is subject to certain claims and contingent liabilities that arise in the normal course of business. While we do not expect that the ultimate resolution of any of these pending actions will have a material effect on our consolidated results of operations, financial position or cash flows, litigation is subject to inherent uncertainties. As such, there can be no assurance that any pending legal action, which we currently believe to be immaterial, does not become material in the future.

### 15. Related Party Transactions

#### Corvus Capital Limited

Corvus Capital Limited (“Corvus”) is a significant investor in the Company through subscribing to 1,000 common shares prior to the closing of the Merger on September 22, 2023. As discussed in Note 3, the shares held by Corvus on the closing date of the Merger were exchanged for shares of Conduit Pharmaceuticals Inc. common stock. The Chief Executive Officer of Corvus is a member of Conduit’s board of directors. As of September 30, 2023 and December 31, 2022, the Company owed approximately \$0.8 million and \$0.6 million, respectively, of advisory fees to Corvus, which were recorded to accrued expenses on the balance sheet. For the nine months ended September 30, 2023 and 2022, the Company incurred travel expenses and director’s fees payable to the CEO of Corvus of approximately \$0.9 million and \$0.2 million, respectively. As of September 30, 2023 the Company did not owe the CEO of Corvus any director’s fees. As of December 31, 2022, the Company owed the CEO of Corvus director’s fees of

approximately \$0.4 million. Amounts owed to the CEO of Corvus are included in accrued expenses and other current liabilities in the balance sheet. For the three and nine months ended September 30, 2022, the Company paid a family member of the CEO of Corvus nil and \$33 thousand, respectively. The Company did not make any payments to the family member of the CEO of Corvus for the three and nine months ended September 30, 2023. During the three months ended September 30, 2023, Corvus provided a \$0.2 million cash contribution to the Company to maintain liquidity through the closing of the Merger. There was no intention of repayment by both Corvus and Executive's employment with the Company and its affiliates terminated effective as such, of May 15, 2024 (the "Separation Date"). Executive and Company acknowledge and agree that, upon the Company recorded effectiveness of this Release and the contribution satisfaction of the Company's applicable obligations pursuant to the condensed consolidated statement of changes in stockholders' deficit.

During January and February 2023, under the terms of the 2022 Convertible Loan Note Instrument, Separation Agreement (as defined below), Executive has been fully compensated for all wages for work performed on behalf of the Company issued convertible notes payable through the Separation Date.

**2. Payments and Benefits.** Upon the effectiveness of the terms set forth herein, the Company shall provide Executive with the benefits set forth in Section 2(b) of the Separation Agreement between Executive and the Company dated May 12, 2024 (the "Separation Agreement").

**3. No Liability.** This Release does not constitute an aggregate principal amount of \$0.4 million (£0.3 million) to the CEO of Corvus. The convertible notes payable mature three years after issuance and bear 5% interest, only to be paid in the event of a material breach admission by the Company, or any of its parents, subsidiaries, affiliates, divisions, officers, directors, partners, agents, or employees, or by Executive, of any unlawful acts or of any violation of federal, state or local laws.

**4. Release by Executive.**

(a) **In General.** In consideration of the payments and benefits set forth in Section 2 above, Executive for himself, his heirs, administrators, representatives, executors, successors and assigns does hereby irrevocably and unconditionally release, acquit and forever discharge the Company and each of its parents, subsidiaries, affiliates, divisions, successors, and assigns (the "Company Group"), and each of their respective officers, directors, partners, agents, attorneys, insurers, administrators, and former and current employees, including without limitation all persons acting by, through, under or in concert with any of them (together with the Company Group, collectively the "Releasees"), and each of them, from any and all claims, demands, actions, causes of action, costs, attorney fees, and all liability whatsoever, whether known or unknown, fixed or contingent, which Executive has, had, or may ever have against the Releasees relating to or arising out of Executive's employment or separation from employment with the Company Group, from the beginning of time and up to and including the date Executive executes this Release. This Release includes, without limitation, (i) law or equity claims; (ii) contract (express or implied) or tort claims; (iii) claims for wrongful discharge, retaliatory discharge, whistle blowing, libel, slander, defamation, unpaid compensation, intentional infliction of emotional distress, fraud, public policy, contract or tort, and implied covenant of good faith and fair dealing; (iv) claims arising under any federal, state, or local laws, rules or regulations of any jurisdiction that prohibit age, sex, race, national origin, color, disability, religion, veteran, military status, sexual orientation, or any other form of discrimination, harassment, or retaliation (including without limitation under the Age Discrimination in Employment Act of 1967 as amended by the Older Workers Benefit Protection Act (the "ADEA"), the National Labor Relations Act, Executive Order 11246, the Employee Retirement Income Security Act of 1974, the Worker Adjustment and Retraining Notification Act, Title VII of the Civil Rights Act of 1964 as amended by the Civil Rights Act of 1991, Section 1981 of the Civil Rights Act of 1966, the Equal Pay Act of 1962, the Fair Labor Standards Act, the Americans with Disabilities Act of 1990, the Rehabilitation Act of 1973, the Family and Medical Leave Act of 1993, the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Genetic Information Non-discrimination Act, the Sarbanes-Oxley Act, the Employee Polygraph Protection Act, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Equal Pay Act, the Lilly Ledbetter Fair Pay Act, the Post-Civil War Civil Rights Act (42 U.S.C. §§1981-1988), or any other foreign, federal, state or local law or judicial decision), (v) claims arising under the Employee Retirement Income Security Act (excluding claims for amounts that are vested benefits or that Executive is otherwise entitled to receive under any employee benefit plan of the Company or any of its affiliates in accordance with the terms of such plan and applicable law), (vi) any claims arising under California law, including the 2022 Convertible Loan Note Instrument. In California Fair Employment and Housing Act (FEHA), the event California Labor Code, the California Constitution, the California Family Rights Act, or any other foreign, federal, state or local law or judicial decision; and (vii) any other statutory or common law claims related to Executive's employment with the Company Group or the separation of Executive's employment with the Company Group.

Without limiting the foregoing Section, Executive represents that Executive understands that this Release specifically releases and waives any claims of age discrimination, known or unknown, that Executive may have against the Releasees as of the date Executive signs this Release. This Release specifically includes a Change waiver of Control, rights and claims under the convertible notes payable automatically convert into common shares Age Discrimination in Employment Act of 1967, as amended, and the Older Workers Benefit Protection Act. Executive acknowledges that as of the date Executive signs this Release, Executive may have certain rights or claims under the Age Discrimination in Employment Act, 29 U.S.C. § 626 and Executive voluntarily relinquishes any such rights or claims by signing this Release.

However, this Release excludes, and Executive does not waive, release, or discharge (A) any right to file an administrative charge or complaint with, or testify, assist, or participate in an investigation, hearing, or proceeding conducted by, the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, or other similar federal or state administrative agencies, although Executive waives any right to monetary relief related to any filed charge or administrative complaint; (B) any right to report allegations of unlawful conduct, including criminal conduct and unlawful employment practices, to federal, state, or local authorities; and (C) any right to make claims under the applicable state workers' compensation or unemployment insurance law, or any other claims that cannot be waived by law; (D) indemnification rights Executive has against the Company Group (including under any governing documents of the Company at a conversion price equal or its affiliates) or claims under D&O insurance; (E) any right to a 20% discount to the price per share paid for the most senior class of shares in respect of such Change of Control. All of the convertible notes payable converted into Common Stock upon the closing of the Merger at a 20% discount as specified file an unfair labor practice charge under the terms of National Labor Relations Act; (F) any rights to vested benefits, such as pension or retirement benefits, the 2021 Convertible Note Loan Instrument and the 2022 Convertible Note Loan Instrument.

#### **St George Street Capital**

St George Street Capital is a significant investor in the Company through subscribing rights to 147 common shares of Old Conduit, which were exchanged for shares of Common Stock upon the closing of the Merger. The Chief Executive Officer of St George Street Capital is also the Chief Executive Officer of Conduit. Further, the Company has an Exclusive Funding Agreement (as defined below) with St George Street Capital. For the nine months ended September 30, 2023 and 2022, the Company did not incur expenses to St George Street Capital. As of September 30, 2023 and December 31, 2022, the Company did not owe any amounts to St George Street Capital.

On March 26, 2021, the Company entered into the Exclusive Funding Agreement ("Funding Agreement") with St George Street Capital. Under the agreement, the Company has the first exclusive right, but not the obligation, to provide or procure funding for the performance or research and development projects undertaken by St George Street Capital. The Funding Agreement entitles the Company to 100% of the net revenue on projects that the Company funds by itself. As of September 30, 2023, the Company has not recognized any net revenue from the Funding Agreement. See Note 1 for discussion on research and development costs.

## 16. Other Income (expense), net

The following table presents other income (expense), net, for the three and nine months ended September 30, 2023 and 2022 (in thousands):

	For the nine months ended September 30,	
	2023	2022
Other income:		
Derecognition of Cizzle deferred revenue upon option exercise	\$ 1,480	\$ -
Change in fair value of Cizzle option	1,306	-
Change in fair value of Vela option	748	-
Gain on warrant remeasurement	131	-
Gain on the sale of equity securities	-	34
Other	2	-
<b>Total other income:</b>	<b>3,667</b>	<b>34</b>
Other expense:		
Loss on issuance of Cizzle option	1,007	-
Change in fair value of convertible notes payable	423	148
Change in fair value of shares receivable	-	216
Interest expense on convertible promissory note payable	86	-
Realized foreign currency transaction loss	53	-
Unrealized foreign currency transaction loss	24	-
Other	21	-
<b>Total other expense</b>	<b>1,614</b>	<b>364</b>
<b>Total other income, net</b>	<b>\$ 2,053</b>	<b>\$ (330)</b>
	For the three months ended September 30,	
	2023	2022
Other income:		
Derecognition of Cizzle deferred revenue upon option exercise	\$ 1,479	\$ -
Change in fair value of Cizzle option	1,009	-
Change in fair value of Vela option	683	-
Gain on warrant remeasurement	131	-
Change in fair value of shares receivable	-	95
Other	2	-
<b>Total other income:</b>	<b>3,304</b>	<b>95</b>
Other expense:		
Change in fair value of convertible notes payable	118	118
Other	89	-
Unrealized foreign currency transaction loss	33	-

Realized foreign currency transaction loss	9	-
Total other expense	249	118
Total other income, net	\$ 3,055	\$ (23)

## 17. Warrant Liability

### *Equity Classified Warrants*

Pursuant to MURF's initial public offering, the Company sold 13,225,000 units at a price of \$10.00 per unit. Each unit consisted of one share of MURF Class A common stock and one redeemable warrant (the "Publicly Traded Warrants"). Each whole public warrant entitled the holder to purchase one share of Class A common stock at a price of \$11.50 per share, subject to adjustment. The warrants are publicly traded on The Nasdaq Capital Market under the trading symbol CDTTW.

Simultaneously with the closing of its initial public offering, MURF consummated the private sale to the Sponsor of 754,000 private placement units at a price of \$10.00 per private placement unit. Each private placement unit was comprised of one share of MURF Class A common stock and one warrant. Each private placement warrant was exercisable to purchase one share of MURF Class A common stock at a price of \$11.50 per share, subject to adjustment. The private placement units (including the Class A common stock issuable upon exercise of the warrants included in the private placement units) were not transferable, assignable, or saleable until 30 days after the completion of a Merger, subject to certain exceptions.

In connection with the closing of the Merger on September 22, 2023, the public warrants and private placement warrants (collectively the “Equity Classified Warrants”) were amended to entitle each holder to purchase one share of Common Stock. The Equity Classified Warrants are classified as permanent equity on the condensed consolidated balance sheet.

#### ***Liability Classified Warrants***

As discussed in Note 3, 2,000,000 warrants were issued to the PIPE Investors as of the closing of the Merger pursuant to subscription agreements. The warrants provide the PIPE Investors the right to purchase up to 2,000,000 shares of Common Stock at an exercise price of \$11.50. Additionally, on the Closing Date of the Merger, the Company issued 54,000 warrants to an advisor for services provided directly related to the Merger. The warrants provide the advisor the right to purchase up to 54,000 shares of Common Stock at an exercise price of \$11.00 per share.

The warrants issued to the PIPE Investors and the advisor (collectively the “Liability Classified Warrants”) contain materially the same terms and are exercisable for a period of five years, beginning on October 22, 2023.

The Liability Classified Warrants are classified as derivative liabilities because they do not meet the criteria in ASC 815-40 to be considered indexed to the entity’s own stock as the warrants could be settled for an amount that is not equal to the difference between the fair value of a fixed number of the entity’s shares and a fixed monetary amount. The Liability Classified Warrants are initially measured at fair value based on the price of the Publicly Traded Warrants and are remeasured at fair value at subsequent financial reporting period end dates and upon exercise (see Note 4 for additional information regarding fair value).

On September 22, 2023 (the Closing Date of the Merger), the date of issuance of the Liability Classified Warrants, the Company recorded an initial Warrant liability of \$0.2 million based on the fair value as of that date. For the three and nine months ended September 30, 2023, the Company remeasured the fair value of the Liability Classified Warrants and recorded a gain on the change in the fair value of \$0.1 million. The gain was recorded to Other income (expense), net, on the unaudited condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended September 30, 2023. As of the nine months ended September 30, 2023 and December 31, 2022, the balance sheets contained derivative warrant liabilities of \$0.1 million and nil, respectively.

#### **18. Subsequent Events**

The Company has evaluated all events occurring through the date on which the financial statements were issued. The Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CONDUIT PHARMACEUTICALS LIMITED**

Conduit Pharmaceuticals Limited entered into an Agreement and Plan of Merger (the "Agreement" or "Merger Agreement") with Murphy Canyon Acquisition Corp. ("MURF") on November 8, 2022. The transaction contemplated governed by the terms of the Agreement was completed on September 22, 2023 (the "Closing"), applicable plan documents and award agreements; and (G) any rights under the Separation Agreement.

(b) Waiver of California Civil Code Section 1542. This Release is intended to be effective as a general release of and bar to all claims as stated in conjunction this Section 4. Accordingly, Executive specifically waives all rights under California Civil Code Section 1542, which states:

**"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY Affected HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."**

Executive acknowledges that Executive may later discover claims or facts in addition to or different from those which Executive now knows or believes to exist with which MURF changed its name regards to Conduit Pharmaceuticals Inc. (hereafter referred to, collectively with its subsidiaries as "CDT", "Conduit", the "Company", "we", "us" or "our", unless the context otherwise requires. The transactions contemplated in the Agreement are collectively referred to as the "Merger".

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes included under Part I, Item 1 subject matter of this Quarterly Report on Form 10-Q (this "Quarterly Report") as well as Conduit's audited financial statements included in Release, and which, if known or suspected at the final prospectus time of executing this Release, may have materially affected its terms. Nevertheless, Executive waives any and definitive proxy statement, dated August 11, 2023 (the "Proxy Statement/Prospectus"), and filed with the SEC. In addition, you should refer to our audited consolidated financial statements and the related notes for the year ended December 31, 2022 and the section entitled "Management's Discussion and Analysis of the Financial Condition and Results of Operations" included in the Company's Registration Statement on Form S-1 filed with the SEC on October 17, 2023. Certain information contained in the discussion and analysis set forth below includes forward-looking statements all claims that involve risks and uncertainties. The following discussion contains forward-looking statements based upon current expectations that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements might arise as a result of various factors, such different or additional claims or facts.

**5. Release by the Company.** In consideration for receiving Executive's release hereunder, the Company, on behalf of itself and the other members of the Company Group, and each of them, does hereby irrevocably and unconditionally release, acquit and forever discharge Executive from any and all claims, demands, actions, causes of action, costs, attorney fees, and all liability whatsoever, whether known or unknown, fixed or contingent, which the Company Group has, had, or may ever have against Executive relating to or arising out of Executive's employment or separation from employment with the Company Group, from the beginning of time and up to and including those set forth the date the Company executes this Release. This Release includes, without limitation, claims based on the Employment Agreement, Executive's employment with the Company and any of its affiliates, and any services provided by Executive to the Company and any of its affiliates, and including, but not limited to, claims under federal, state or local laws, statutes or ordinances, including any claim of tort or contract, or common law claims thereunder.

This Release is intended to be effective as a general release of and bar to all claims as stated in this Section 5. Accordingly, the section titled "Risk factors" or in other parts Company Group specifically waives all rights under California Civil Code Section 1542, which states:

**"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY Affected HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."**

Notwithstanding the foregoing provisions of this report. Our historical results are not necessarily indicative of the results Section 5, nothing herein shall release Executive from (i) any act that may be expected for constitutes a criminal act under any period in the future. All dollar amounts are expressed in thousands of United States dollars ("\$"), unless otherwise indicated.

Capitalized terms used in this section, but not otherwise defined, have the meanings ascribed to them in the Report.

## Overview

We are a clinical-stage specialty pharmaceutical company that was formed to facilitate the development and commercialization of clinical assets that have not been, Federal, state or are not being, prioritized local law committed or perpetuated by leading pharmaceutical companies in order to develop pharmaceutical products that meet the unmet medical needs of patients.

We are led by highly experienced pharma executives, Dr. Freda Lewis-Hall, former Chief Medical Officer of Pfizer Inc., and Dr. David Tapolczay, former Chief Executive Officer of the United Kingdom-based medical research charity LifeArc.

Our current development pipeline includes a glucokinase activator, which is Phase II ready in autoimmune diseases including uveitis, Hashimoto's Thyroiditis, preterm labor and renal transplant rejection. Our development pipeline also includes a potent, irreversible inhibitor of human Myeloperoxidase (MPO) that has the potential to treat idiopathic male infertility.

We have an exclusive relationship and partnership with St George Street Capital ("SGSC"), a biomedical charity based in the United Kingdom. We fund the development of clinical assets that are initially licensed by SGSC from its existing relationship with AstraZeneca AB (PUBL). We conduct clinical trials on the clinical assets that we license from AstraZeneca in collaboration with SGSC. In doing so, we are able to leverage the comprehensive clinical and scientific expertise in order to develop assets

through Phase IIb trials in an efficient manner. We expect that successful Phase Iib trials on the assets in our pipeline will increase the value of the assets.

Following successful clinical trials, we expect to commercialize the clinical assets in our pipeline through licensing arrangements with larger pharmaceuticals companies, which may include up-front milestone payments and/or royalties during the time at which such clinical asset is subject course of Executive's employment with the Company Group prior to patents.

We intend to use the income received from licensing our clinical assets to fund the development of additional clinical assets. This will allow us to use the existing income stream from clinical assets that have been licensed to fund our on-going operations without having to rely solely on debt and/or equity financing. We initially intend to focus on assets that have been deprioritized by larger pharmaceuticals companies and that have a high unmet medical need in order to develop these assets through the Phase Iib stage. We also believe that we may be able to apply our business strategy and approach to arrangements to pharmaceutical companies in addition to AstraZeneca.

We have incurred significant operating losses since inception. For the nine months ended September 30, 2023 and 2022, our net loss was \$2.3 million and \$1.8 million, respectively, and we expect to continue to incur significant losses for the foreseeable future as we continue to invest in a number of research and development programs. As of September 30, 2023, we had an accumulated deficit of \$13.1 million.

### **Impact of COVID-19, the Russia and Ukraine Conflict, and Global Economic Conditions**

As a result of the spread of the COVID-19 pandemic, economic uncertainties have arisen which may negatively affect our financial position, results of operations and cash flows. We have assessed that the COVID-19 pandemic has not so far had a material or direct impact on our operations or financial position. Nevertheless, in light of the ongoing COVID-19 pandemic, we have implemented measures to protect employees and take social responsibilities while at the same time attempting to limit any negative effects on our business.

The full impact of the COVID-19 pandemic continues to evolve as of the execution date of this Report. As such, Release (including any criminal act of fraud, material misappropriation of funds or embezzlement, or any other criminal action); (ii) any act of fraud, willful misconduct or breach of fiduciary duty committed by Executive in connection with his employment with the full magnitude Company Group prior to the execution date of this Release; or (iii) Executive's continuing obligations under the Separation Agreement, including the provisions of Section 4 thereof.

## 6. Covenant Not to Sue; Bar.

(a) Executive agrees never to sue any Releasees or cause any Releasees to be sued regarding any matter within the scope of the pandemic's effect on our financial condition, liquidity above release. If Executive violates this Release by suing any Releasees or causing any Releasees to be sued, Executive shall continue to be bound by the release obligations of this Release and future results shall pay all costs and expenses of operations defending against the suit incurred by the Releasees, including reasonable attorneys' fees, unless paying such costs and expenses is uncertain. Management continues prohibited by law. The Company Group further agrees never to actively monitor our financial condition, liquidity, operations, suppliers, industry and workforce.

Due sue Executive or cause Executive to be sued regarding any matter within the pandemic, all clinical trials in the United Kingdom that were not related to COVID-19 were put on hiatus for significant portions scope of the year ended December 31, 2021. As a result, during the hiatus, above release. If the Company shifted its activities Group violates this Release by suing Executive or causing the Executive to focus on clinical trials related be sued, the Company Group shall continue to COVID-19. The hiatus on clinical trials not related be bound by the release obligations of this Release and shall pay all costs and expenses of defending against the suit incurred by the Executive, including reasonable attorneys' fees, unless paying such costs and expenses is prohibited by law.

(b) Executive and the Company acknowledge and agree that if he or it should hereafter make any claim or demand or commence or threaten to COVID-19 was lifted at commence any action, claim or proceeding against the end other party with respect to any cause, matter or thing which is the subject of the year ended December 31, 2021.

The conflict between Russia releases under Sections 4, 5 and Ukraine has caused major macroeconomic disruptions that have impacted the global trade and economies. As such increasing inflation around the globe has forced national banks to increase their interest rates, consequently impacting interest yields around the globe. We have assessed the impact 9 of these measures and concluded that as of today, no material impact has been identified on our business or our ability to continue this Release, this Release may be raised as a going concern.

### Key Component of Result of Operations

#### Operating Expenses

Research complete bar to any such action, claim or proceeding, and Development Expenses

Research and development expenses consist primarily of the applicable party may recover from the other party all costs incurred in connection with such action, claim or proceeding, including attorneys' fees.

**7. Right to Engage in Protected Activity.** Nothing in this Release is intended or shall be construed to interfere with Executive's right to file a charge with the research and development of our candidates and programs. We expense research and development costs and intangible assets acquired that have no alternative future use as incurred. These expenses include:

- personnel-related expenses, including salaries, bonuses, benefits and stock-based compensation for employees engaged in research and development functions;
- expenses incurred in connection with the clinical development and regulatory approval of our clinical assets, including under agreements with third parties, such as consultants, contractors and CROs;
- license fees with no alternative use; and
- other expenses related to research and development.

We expense research and development costs as incurred. Advance payments that we make for goods Equal Employment Opportunity Commission ("EEOC") or services to be received in the future for use in research and development activities are recorded as prepaid expenses. The prepaid amounts are expensed as the benefits are consumed.

To date, we do not track our research and development expenses on a program-by-program basis as we only worked on one program related to COVID-19 treatment. Moving forward, we do not expect further research and development expense for clinical research into COVID-19 as we explore broader applications of our research to date. Our direct external research and development expenses consist primarily of external costs, such as fees paid to outside consultants, CROs, CMOs and research laboratories any state or local human rights commission in connection with our preclinical development, process development, manufacturing any claim for discrimination, harassment, retaliation or wrongful termination that Executive believes he may have against any of the Releasees. By executing this Release, however, Executive hereby waives his right to recover any remuneration, damages, compensation or relief of any type whatsoever from the Releasees in any proceeding that Executive may bring before the EEOC or any similar state or local commission, or in any proceeding brought on Executive's behalf by the EEOC or any similar state or local commission. Moreover, nothing in this Release prohibits Executive from discussing or disclosing allegations relating to sexual harassment or sexual assault, or from discussing terms and clinical development activities. We do not allocate employee costs, costs associated conditions of employment or otherwise engaging in activity protected by Section 7 of the National Labor Relations Act.

**8. Governing Law.** This Release shall be governed by and construed in accordance with our discovery efforts, laboratory supplies, the laws of the State of California without regard to conflicts-of-law principles. Any action or proceeding by the Company Group to enforce this Release shall be brought only in any state or federal court located in San Diego County, California. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and facilities, including depreciation waive the defense of inconvenient forum to the maintenance of any such action or other indirect costs, to specific programs because these costs are deployed across multiple programs and, as proceeding in such are not separately classified. We use internal resources primarily to conduct its research and discovery as well as for managing its preclinical development, process development, manufacturing and clinical development activities. These employees work across multiple programs and, therefore, we do not track their costs by program, venue.

Research and development activities have historically been central to our business model. We anticipate that our research and development expenses will increase for the foreseeable future in connection with our planned clinical development activities.

**9. Acknowledgments.** Executive further expressly acknowledges and agrees that: (a) this Release is part of an agreement between Executive and Company and it has been written so that Executive understands it; (b) this Release specifically refers to rights or claims under the ADEA; (c) in return for this Release, Executive will receive consideration beyond that which he was already entitled to receive before entering into this Release; (d) he is hereby advised in writing by this Release to consult with an attorney before signing this Release; (e) he was informed that he had a period of up to 21 calendar days within which to consider this Release, and that changes (whether material or otherwise) to this Release will not restart the 21-day period; (f) he knowingly, freely, and voluntarily agrees to all of the terms and conditions set out in this Release including, without limitation, the waiver, release, and covenants contained in it; (g) nothing in this Release prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs from doing so, unless specifically authorized by federal law; (h) he has a period of seven (7) days following the execution of this Release during which he may revoke this Release by delivering written notice to the Company in accordance with Section 5(e) of the Separation Agreement, and this Release shall not become effective or enforceable until such revocation period has expired; and (i) he understands that if he revokes this Release, it will be null and void in its entirety, and he will not be entitled to any payments or benefits provided in this Release, including without limitation those under Section 2 above.

**10. Miscellaneous.** This Release, along with the Separation Agreement and the other documents referenced therein, is the complete understanding between Executive and the Company in respect of the subject matter of this Release and supersedes all prior agreements relating to the same subject matter. Executive has not relied upon any representations, promises or agreements of any kind except those set forth herein in signing this Release. In the event that any provision of this Release should be held to be invalid or unenforceable, each and all of the other provisions of this Release shall remain in full force and effect. If any provision of this Release is found to be invalid or unenforceable, such provision shall be modified as necessary with the prior written consent of the Company and Executive to permit this Release to be upheld and enforced to the maximum extent permitted by law.

**11. Counterparts.** This Release may be executed by the parties hereto in counterparts, which taken together shall be deemed one original.

*(Signatures are on the following page)*

IN WITNESS WHEREOF, the Parties have caused this Release to be executed as of the date first written above.

CONDUIT PHARMACEUTICALS INC.

At this time, we cannot reasonably estimate or know the nature, timing and costs of the efforts that would be necessary to complete the preclinical and clinical development of any of our clinical assets or when, if ever, material net cash inflows may commence from any of our clinical assets. The successful development and commercialization of any of our clinical assets is highly uncertain. This uncertainty is due to the numerous risks and uncertainties associated with product development and commercialization, including the uncertainty of the following:

- the scope, progress, timing, outcome and costs of any continued preclinical development activities, clinical trials and other related development activities;
- delays, suspensions, or other setbacks or interruptions encountered, including as a result of the ongoing COVID-19 pandemic; [Form – do not sign until after Separation Date]

● By: successful patient enrollment in and the initiation and completion of any clinical trials;

Its:

- the timing, receipt and terms of any marketing approvals from applicable regulatory authorities including the U.S. Food and Drug Administration (“FDA”) and non-U.S. regulatory authorities;

EXECUTIVE

- the extent of any required post-marketing approval commitments to applicable regulatory authorities;

[Form – do not sign until after Separation Date]

- establishing clinical and commercial manufacturing capabilities or making arrangements with third-party manufacturers in order to ensure that us or our third-party manufacturers are able to make and scale our products successfully;

development and timely delivery of clinical-grade and commercial-grade drug formulations that can be used in Conduit's clinical trials and for commercial launch;

- obtaining, maintaining, defending and enforcing patent claims and other intellectual property rights;
- significant and changing government regulation;
- launching commercial sales of Conduit's clinical assets, if and when approved, whether alone or in collaboration with others; and
- maintaining a continued acceptable safety profile of Conduit's clinical assets following approval, if any, of Conduit's clinical assets. Adam Sragovicz

A change in any of these variables with respect to any of Conduit's programs would significantly change the costs, timing and viability associated with that program.

#### *General and Administrative Expenses*

General and administrative expenses consist of salaries and other related costs, legal fees relating to intellectual property and corporate matters, professional fees for accounting, auditing, tax and consulting services, insurance costs, travel, and other operating costs.

We anticipate that our general and administrative expenses will increase substantially for the foreseeable future as we increase our administrative headcount to operate as a public company and as we advance clinical assets through clinical development. We also will incur additional expenses as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the SEC and the Nasdaq listing rules, additional insurance expenses, investor relations activities and other administrative and professional services. In addition, if regulatory approval is obtained for clinical assets, we expect to incur expenses associated with building a sales and marketing team.

#### *Funding expenses*

Funding expenses consist primarily of costs incurred in connection with the Company providing funding to SGSC to carry out its research and development activities. SGSC holds all licenses to conduct clinical research through third party pharmaceutical companies.

#### **Other Income (Expenses)**

##### *Other income (expenses), net*

Other income (expense), net consists of proceeds from the sale of equity securities, unrealized foreign currency transaction loss, loss on the change in fair value of convertible notes, write-off of long-term debt- related party, donations to a related party and commission on the placement of equity securities.

***Interest expense, net***

Interest expense, net consists primarily of interest expense on convertible loan notes and promissory notes and interest expense on deferred commissions payable to an advisor for fees related to the Merger, as well as a small amount of interest income on cash and cash equivalents held by the Company.

**Results of Operations**

The following table set forth our results of operations for the periods indicated:

(In thousands, except share and per share amounts)	Three Months ended September 30,		Nine Months ended September 30,	
	2023	2022	2023	2022
<b>Operating expenses:</b>				
Research and development expenses	\$ -	\$ 38	\$ -	\$ 38
General and administrative expenses	1,069	775	4,367	1,328
Funding expenses	-	120	-	120
<b>Total operating costs and expenses</b>	1,069	933	4,367	1,486
<b>Operating loss</b>	(1,069)	(933)	(4,367)	(1,486)
<b>Other income (expenses):</b>				
Other income (expense), net	3,102	(23)	2,145	(330)
Interest expense, net	(47)	-	(92)	-
<b>Total other (expense) income, net</b>	3,055	(23)	2,053	(330)
<b>Net income (loss)</b>	\$ 1,986	\$ (956)	\$ (2,314)	\$ (1,816)

**Comparison of the Three Months Ended September 30, 2023 and 2022*****Research and development expenses***

(Dollar amounts in thousands)	Three Months ended September 30,		Change	
	2023	2022	Amount	%
Research and development expenses	\$ -	\$ 38	\$ (38)	100%

Research and development expenses decreased by \$38 thousand, or 100%, to nil for the three months ended September 30, 2023, as compared to \$38 thousand for the three months ended September 30, 2022. The decrease was primarily due to expenses incurred for clinical research into COVID-19 treatment during the three months ended September 30, 2022, that did not occur during the three months ended September 30, 2023.

***General and administrative expenses***

(Dollar amounts in thousands)	Three Months ended September 30,		Change	
	2023	2022	Amount	%
General and administrative expenses	\$ 1,069	\$ 775	\$ 294	38%

General and administrative expenses increased by \$0.3 million, or 38%, to \$1.1 million for the three months ended September 30, 2023, as compared to \$0.8 million for the three months ended September 30, 2022. The increase was primarily driven by a \$0.5 million increase in listing fees, \$0.2 million increase in transaction costs, a \$0.1 million increase in legal fees and \$0.1 million in consulting costs, partially offset by \$0.6 million decrease in the allowance for loan losses that was reversed in the current period upon repayment from the related party borrower.

***Funding expenses***

(Dollar amounts in thousands)	Three Months ended September 30,		Change	
	2023	2022	Amount	%
Funding expenses	\$ -	\$ 120	\$ (120)	100%

Funding expenses decreased by \$0.1 million, or 100%, to nil for the three months ended September 30, 2023, as compared to \$0.1 million for the three months ended September 30, 2022. The decrease was primarily due to a decrease of \$0.1 million in funding requirements from SGSC for research and development expenses incurred and which we agreed to fund.

*Other income (expense), net*

(Dollar amounts in thousands)	Three Months ended September 30,		Change	
	2023	2022	Amount	%
Other income (expense), net	\$ 3,102	\$ (23)	\$ 3,125	13,587%
	30			

Other income (expense), net changed by \$3.1 million, or 13,587%, to \$3.1 million of income for the three months ended September 30, 2023, as compared to \$23 thousand of net expense for the three months ended September 30, 2022. The change was primarily driven by other income in 2023 from a \$1.0 million gain on the change in fair value of the Cizzle options, a \$0.7 million gain on the change in fair value of the Vela options, a \$1.5 million gain on the derecognition of Cizzle deferred revenue upon exercise and a \$0.1 million gain on warrant remeasurement. This change in other income in for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 was partially offset by a \$0.1 million loss on convertible notes. No other driver of the increase was individually significant.

For further details refer to Note 16 – *Other income (expense), net* in the unaudited financial statements as of September 30, 2023 and September 30, 2022 included elsewhere in this Report.

*Interest expense, net*

(Dollar amounts in thousands)	Three Months ended September 30,		Change	
	2023	2022	Amount	%
Interest expense, net	\$ (47)	\$ -	\$ (47)	nm*

\*Percentage changes denoted with an "nm" represent percent changes that are not meaningful.

Interest expense, net changed by \$47 thousand from nil for the three months ended September 30, 2022 to an expense of \$47 thousand for the three months ended September 30, 2023. The change was driven by \$8 thousand of interest expense during the period ended September 30, 2023 for interest on the deferred commission payable to an advisor for fees related to the Merger and \$41 thousand of interest expense for interest on convertible notes for the three months ended September 30, 2023. These expenses were partially offset by \$2 thousand in interest income from cash and cash equivalents held by the Company.

**Comparison of the Nine Months Ended September 30, 2023 and 2022**

*Research and development expenses*

(Dollar amounts in thousands)	Nine Months ended September 30,		Change	
	2023	2022	Amount	%
Research and development expenses	\$ -	\$ 38	\$ (38)	100%

Research and development expenses decreased by \$38 thousand, or 100%, to nil for the nine months ended September 30, 2023, as compared to \$38 thousand for the nine months ended September 30, 2022. The decrease was primarily due to expenses incurred for clinical research into COVID-19 treatment during the nine months ended September 30, 2022 that did not occur during the nine months ended September 30, 2023.

*General and administrative expenses*

(Dollar amounts in thousands)	Nine Months ended September 30,		Change	
	2023	2022	Amount	%
General and administrative expenses	\$ 4,367	\$ 1,328	\$ 3,039	229%

General and administrative expenses increased by \$3.1 million, or 229%, to \$4.4 million for the nine months ended September 30, 2023, as compared to \$1.3 million for the nine months ended September 30, 2022. The increase was primarily driven by a \$2.0 million increase in listing fees, a \$0.3 million increase in directors fees, a \$0.3 million increase in audit and accountancy fees, a \$0.3 million increase in travel expenses, a \$0.1 million increase in consulting fees, a \$0.2 million increase in legal fees and expenses and \$0.1 million of transfer agent fees in 2023. These increases were partially offset by a \$0.2 million decrease in the allowance for loan losses that was reversed in the current period upon repayment from the related party borrower.

*Funding expenses*

(Dollar amounts in thousands)	Nine Months ended September 30,		Change	
	2023	2022	Amount	%
Funding expenses	\$ -	\$ 120	\$ (120)	100%

Funding expenses decreased by \$0.1 million, or 100%, to nil for the nine months ended September 30, 2023, as compared to \$0.1 million for the nine months ended September 30, 2022. The decrease was primarily due to a decrease of \$0.1 million in funding requirements from SGSC for research and development expenses incurred and which we agreed to fund.

#### Other income (expense), net

(Dollar amounts in thousands)	Nine Months ended September 30,		Change	
	2023	2022	Amount	%
Other income (expense), net	\$ 2,145	\$ (330)	\$ 2,475	750%

Other income (expense), net changed by \$2.4 million, or 750%, to other income of \$2.1 million for the nine months ended September 30, 2023, as compared to other expense, net of \$0.3 million for the nine months ended September 30, 2022. The change was primarily driven by a \$1.5 million gain on derecognition of deferred revenue upon exercise of the Cizzle option in 2023, a \$1.5 million gain on the change in fair value of the Cizzle option, a \$0.7 million gain on the change in the fair value of the Vela option and a \$0.1 million gain on warrant remeasurement. The increases to other income in 2023 were partially offset by a \$1.0 million loss on issuance of the Cizzle option in 2023, and a \$0.4 million loss on the change in fair value of convertible notes payable in 2023.

For further details refer to Note 16 – *Other income (expense), net* in the unaudited financial statements as of September 30, 2023 and September 30, 2022 included elsewhere in this Report.

#### Interest expense, net

(Dollar amounts in thousands)	Nine Months ended September 30,		Change	
	2023	2022	Amount	%
Interest expense, net	\$ (92)	\$ -	\$ (92)	nm*

\*Percentage changes denoted with an "nm" represent percent changes that are not meaningful.

Interest expense, net changed by \$0.1 million from nil for the nine months ended September 30, 2022 to an expense of \$0.1 million for the nine months ended September 30, 2023. The change was driven by \$0.1 million increase in interest expense on convertible promissory notes for the nine months ended September 30, 2023 that was not issued until the first quarter of 2023.

### Liquidity and Capital Resources

Management assesses liquidity in terms of our ability to generate cash to fund operating, investing and financing activities. Since our inception, and in line with our growth strategy, we have prepared our financial statements assuming we will continue as a going concern. Since our inception, we have incurred net losses and experienced negative cash flows from operations. To date, our primary sources of capital have been through private placements of equity securities and convertible debt as well as PIPE financing as a result of the Merger. During the nine months ended September 30, 2023 and 2022, we had net losses of \$2.3 million and \$1.8 million, respectively. We expect to incur additional losses and higher operating expenses for the foreseeable future as we continue to invest in research and development programs. We have determined that additional financing will be required to fund our operations for the next 12 months and our ability to continue as a going concern is dependent upon obtaining additional capital and financing.

#### Sources and Uses of Liquidity

Our primary uses of cash are to fund our operations as we continue to grow our business. We will require a significant amount of cash for expenditures as we invest in ongoing research and development and business operations. Until such time as we can generate significant revenue from commercialization of our product, we expect to finance our cash needs for ongoing research and development and business operations through public or private equity or debt financings or other capital sources, including strategic partnerships. However, we may be unable to raise additional funds or enter into such other arrangements, when needed, on favorable terms or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be, or could be, diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, or substantially reduce research and development efforts. While the Company believes in the viability of its ability to raise additional funds, there can be no assurances to that effect. These matters raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the date the financial statements are issued. These financial statements have been prepared assuming the Company will continue as a going concern and do not include adjustments to reflect the possible effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

#### Cash Requirements

Our material cash requirements include the following contractual and other obligations.

**Promissory Convertible Note**

In March 2023, we issued an aggregate principal amount of \$0.8 million convertible promissory note payable to an investor.

The promissory convertible note matures and is payable in full 18 months from the date of the note. The note carries 20% interest and is payable every six (6) months from the date of the note until the maturity date. The note is subject to conversion of MURF common stock upon consummation of the Merger prior to the maturity date.

**Loans Payable**

In May 2022, we entered into two loan agreements, with an aggregate principal amount of \$0.2 million, with two lenders.

The loans payable mature and is payable in full two years from the date of the agreement and bear no interest.

For additional information regarding our convertible promissory note, see Notes 7 of the note to the unaudited financial statements.

### **Capital Expenditures**

We currently anticipate that cash required for capital expenditures for the next 12 months is approximately \$9.7 million, which includes accrued expenses and other current liabilities of \$2.8 million, a convertible promissory note, if not converted prior to maturity, of \$0.8 million, income taxes payable of \$0.1 million and a note payable of \$0.2 million that matures within the next 12 months. We do not anticipate being able to fund required capital expenditures for the next 12 months with cash and cash equivalents on hand as we have a history of limited cash on hand. Management believes that we will be able to fund cash required for the next 12 months through the issuance of existing convertible loan note instruments and the issuance of new convertible loan note instruments. We have historically been able to access funds through the issuance of our convertible notes and believe we can continue to obtain funding through these debt financing agreements as needed to meet cash requirements for the next 12 months.

### **Cash Flows**

The following table set forth our cash flows for the period indicated (in thousands):

	<b>Nine Months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Net cash (used in) provided by:		
Operating Activities	\$ (2,922)	\$ (1,386)
Investing Activities	228	(129)
Financing Activities	11,343	1,515
Effect of exchange rate changes on cash and cash equivalents	(5)	-
Net (decrease) increase in cash and cash equivalents	\$ 8,644	\$ -

#### **Cash Flows Used in Operating Activities**

Net cash used in operating activities for the nine months ended September 30, 2023 was \$2.9 million, resulting primarily from a net loss of \$2.3 million, adjusted for non-cash items including a \$1.5 million reduction of deferred income upon exercise of the Cizzle option, a \$2.0 million gain on the change in fair value of the Vela and Cizzle options, a \$0.2 million change from the reversal of a reserve for an uncollectible loan that was repaid in September 2023 and a \$0.1 million gain on warrant remeasurement, partially offset by a \$1.7 million cash inflow from net changes from operating assets and liabilities, a \$1.0 million loss on issuance of the Vela option, a \$0.4 million loss on change in fair value of convertible notes and a \$0.1 million increase in interest expense on a convertible promissory note. The \$1.7 million cash inflow from operating assets and liabilities is primarily due to a \$1.6 cash inflow from accrued expense and other current liabilities due to differences in the timing of disbursements and a \$0.1 million cash inflow from prepaid expenses due to differences in timing of prepayments.

Net cash used in operating activities for the nine months ended September 30, 2022 was \$1.4 million, resulting primarily from a net loss of \$1.8 million, adjusted for non-cash charges of \$0.1 million for a loss on the change in fair value of convertible notes payable, a \$0.2 million loss on the change in fair value of the Cizzle option and a cash inflow of \$0.1 million from accrued expenses and other current liabilities due to differences in the timing of disbursements.

#### **Cash Flows (Used) Provided by Investing Activities**

Net cash provided by investing activities for the nine months ended September 30, 2023 was \$0.2 million, resulting from \$0.6 million in proceeds from repayment on a related party loan, partially offset by \$0.4 million for the issuance of a related party loan.

Net cash used in investing activities for the nine months ended September 30, 2022 was \$0.1 million resulting from the issuance of a loan to a related party of \$0.1 million.

#### **Cash Flows Provided by Financing Activities**

Net cash provided by financing activities for the nine months ended September 30, 2023 was \$11.3 million, resulting from the proceeds from the Merger and related PIPE financing, net of transaction costs of \$8.5 million, \$2.3 million from issuance of convertible notes payable, \$0.1 million capital contribution from a related party and proceeds from issuance of option of \$0.5 million, partially offset by \$0.1 million of interest paid on the convertible promissory note.

Net cash provided by financing activities for the nine months ended September 30, 2022 was \$1.5 million, resulting from the sale of equity securities of \$0.8 million, \$0.5 million from the issuance of convertible notes payable and proceeds from the issuance of notes payable of \$0.2 million.

### **Contractual Obligations and Other Commitments**

As of September 30, 2023, we had no non-cancellable commitments for the purchase of clinical materials, contract manufacturing, maintenance and committed funding which we expect to pay within one year.

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## Critical Accounting Policies and Significant Judgments

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which we have prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Estimates are based on several factors including the facts and circumstances available at the time the estimates are made, historical experience, risk of loss, general economic conditions and trends and the assessment of the probable future outcome. Subjective and significant estimates include, but are not limited to, research and development accruals. These estimates and assumptions are most significant where they involve levels of subjectivity and judgment necessary to account for highly uncertain matters or matters susceptible to change, and where they can have a material impact on our financial statements and operating performance. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically and the effects of changes, if any, are reflected in the statements of operations and comprehensive income (loss) in the period that they are determined.

We believe that the accounting policies described below involve a significant degree of judgment and complexity. Accordingly, we believe these are the most critical to aid in fully understanding and evaluating our financial condition and results of operations. For further information, refer to Note 1 "Nature of the Business and Basis of Presentation and Summary of Significant Accounting Policies" to our financial statements included elsewhere in this Report.

### Fair Value Measurements

Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. In determining fair value, the Company used various valuation approaches. A fair value hierarchy has been established for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company.

Unobservable inputs reflect the Company's assumption about the inputs that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels, based on the inputs, as follows:

- Level 1—Valuations based on quoted prices for identical instruments in active markets. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.
- Level 2—Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for either similar instruments in active markets, identical or similar instruments in markets that are not active, or model-derived valuations whose inputs or significant value drivers are observable or can be corroborated by observable market data.
- Level 3—Valuations based on inputs that are unobservable. These valuations require significant judgment.

The Company's Level 1 assets consist of cash and cash equivalents in the accompanying balance sheets and the value of accrued expenses and other current liabilities approximate fair value due to the short-term nature of these assets and liabilities.

As of September 30, 2023, the Company has two financial liabilities, an option liability for which the fair value is determined based on Level 3 inputs as such inputs are not readily observable, and a warrant liability for which the fair value is determined based on Level 2 inputs as such inputs are based on observable inputs other than quoted prices. See Note 4 and Note 6 for further information on the Company's financial liabilities carried at fair value.

### Investments in Equity Securities

Investments in the equity securities that have a readily determinable fair value are reported at fair value. Changes in fair value between accounting periods are recorded in other income (expense), net, in the unaudited condensed consolidated statements of operations and comprehensive income (loss). Realized gains or losses upon sale are recorded in other income (expense), net, in the unaudited condensed consolidated statements of operations and comprehensive income (loss). We assess the fair value of our equity securities periodically, a large fluctuation in the fair value of the shares may lead to a material adjustment of our investment in equity securities. We did not hold any available for sale or trading securities as of September 30, 2023 or December 31, 2022.

### Vela Option Agreement

We account for the Vela option at fair value in order to measure the liability at an amount that more accurately reflects the current economic environment in which we operate. We recorded the convertible notes at fair value with changes in fair value

recorded in earnings at each reporting period through settlement. The significant assumptions used to estimate the fair value of the option liability involved inherent uncertainties and the application of significant judgment and included the time to maturity and the underlying asset price based on the probability of the Covid Asset successfully moving from Phase I to Phase II. The sensitivity of these inputs to the fair value of the convertible notes is assessed on a periodic basis.

The fair value of the option liability was estimated using the Monte Carlo Simulation Model, where the value of the Vela option was estimated based on an analysis of five inputs. Valuation models require the input of highly subjective assumptions, including the expected volatility of the underlying asset as well as the expected share price of the Company at the reporting date. If any of the assumptions used in the Monte Carlo Simulation Model changes significantly, the option liability may differ materially from that recorded in the current period.

#### ***Cizzle Option Agreement***

We account for the Cizzle option at fair value in order to measure the liability at an amount that more accurately reflects the current economic environment in which we operate. We recorded the convertible notes at fair value with changes in fair value recorded in earnings at each reporting period through settlement. The significant assumptions used to estimate the fair value of the option liability involved inherent uncertainties and the application of significant judgment and included the time to maturity and the underlying asset price based on the probability of the Covid Asset successfully moving from Phase I to Phase II. The sensitivity of these inputs to the fair value of the convertible notes is assessed on a periodic basis.

The fair value of the option liability was estimated using the Black-Scholes-Merton Model, where the value of the Cizzle option was estimated based on an analysis of six inputs. Valuation models require the input of highly subjective assumptions, including the expected volatility of the underlying asset. If any of the assumptions used in the Black-Scholes-Merton Model changes significantly, the option liability may differ materially from that recorded in the current period.

### **Fair Value Option for Convertible Notes**

We elected to account for our convertible notes at fair value in order to measure those liabilities at amounts that more accurately reflect the current economic environment in which we operate. We recorded the convertible notes at fair value with changes in fair value recorded in earnings at each reporting period through settlement. The fair value of the convertible notes was determined using a probability-weighted income approach as the convertible notes contained various settlement outcomes. The significant assumptions used to estimate the fair value of the convertible notes involved inherent uncertainties and the application of significant judgment, and included the time to maturity and the probability of the various settlement outcomes. The sensitivity of these inputs to the fair value of the convertible notes is assessed on a periodic basis.

Fair values of the derivative liabilities related to the convertible notes were estimated using a probability-weighted expected return method, where the values of various instruments were estimated based on an analysis of future values of our business, assuming various future outcomes. The resulting instruments' values were based upon the *probability-weighted present value* of expected future investment returns, considering each of the possible future outcomes available to us, as well as the economic benefits attributable to each class of instruments. The expected future investment returns were estimated using a variety of methodologies, including both the market approach and the income approach, where an observable quoted market does not exist, and were generally classified as Level 3. Such methodologies included reviewing values ascribed to our most recent financing, comparing the subject instrument with similar instruments of publicly traded companies in similar lines of business, and reviewing our underlying financial performance and subject instrument, including estimating discounted cash flows. If any of the assumptions used in the probability-weighted expected return method changes significantly, the convertible notes may differ materially from that recorded in the current period.

### **Foreign Currency Translation**

Monetary assets and liabilities in the Company's functional currency, the British pound, are re-measured into the reporting currency at the rates of exchange prevailing at the reporting date. Income and expense transactions in the functional currency are re-measured into the reporting currency at the average exchange rate prevailing during the reporting period. Non-monetary items in functional currency are re-measured into the reporting currency at the historical exchange rate (i.e., the rate of exchange at the date of the transaction). The gains or losses resulting from foreign currency translation are included in the unaudited condensed consolidated statements of operations and comprehensive income (loss).

### **Recent Accounting Pronouncements**

A discussion of recent accounting pronouncements is included in Note 1 - *Nature of the Business and Basis of Presentation and Summary of Significant Accounting Policies* to our financial statements included elsewhere in this Report.

### **Qualitative and quantitative disclosures about market risk**

We are exposed to market risk related to changes in interest rates. As of September 30, 2023, we had \$8.6 million in cash on the balance sheet. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. Due to the low interest rates available on cash investments and the amount of cash as of September 30, 2023, we believe an immediate 10% change in interest rates would not have a material effect on our operating results until maturity, and therefore, we would not expect our operating results or cash flows to be affected to any significant degree by the effect of a change in market interest rates on our investment portfolio.

We are currently exposed to market risk related to changes in foreign currency exchange rates; however, we do contract with vendors that are located primarily in the United Kingdom and may be subject to fluctuations in foreign currency rates. We may enter into additional contracts with vendors located outside the United States in the future, which may increase our foreign currency exchange risk. We do not believe that foreign currency risk had a material effect on our business, financial condition, or results of operations during the periods presented.

We do not believe that inflation had a significant impact on our results of operations for any periods presented in our financial statements. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs, and our inability or failure to do so could harm our business, financial condition and results of operations.

## **Emerging Growth Company Status and Smaller Reporting Company Status**

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that: (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Upon closing of the Merger, the surviving company remained an emerging growth company, as defined by the Jumpstart Our Business Startups act of 2012, until the earliest of (i) the last day of the combined entity’s first fiscal year following the fifth anniversary of the completion of MURF’s initial public offering, (ii) the last day of the fiscal year in which the combined entity has total annual gross revenue of at least \$1.235 billion, (iii) the last day of the fiscal year in which the combined entity is deemed to be a large accelerated filer, which means the market value of the combined entity’s common stock that is held by non-affiliates exceeds \$700.0 million as of the prior December 31st or (iv) the date on which the combined entity has issued more than \$1.0 billion in non-convertible debt securities during the prior three year period.

In addition, Conduit is a smaller reporting company as defined in the Exchange Act. The Company may continue to be a smaller reporting company even after we are no longer an emerging growth company. We may take advantage of certain of the scaled disclosures available to smaller reporting companies and will be able to take advantage of these scaled disclosures for so long as (i) Conduit’s voting and non-voting common stock held by non-affiliates is less than \$250.0 million measured on the last business day of our second fiscal quarter or (ii) Conduit’s annual revenue is less than \$100.0 million during the most recently completed fiscal year and its voting and non-voting common stock held by non-affiliates is less than \$700.0 million measured on the last business day of its second fiscal quarter.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

We are exposed to market risk related to changes in interest rates. As of September 30, 2023, we had cash of approximately [\$\_\_\_\_] million. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. Due to the low interest rates available on cash investments and the immaterial amount of cash as of September 30, 2023, we believe an immediate 10% change in interest rates would not have a material effect on our operating results until maturity, and therefore, we would not expect our operating results or cash flows to be affected to any significant degree by the effect of a change in market interest rates on our investment portfolio.

We are currently exposed to market risk related to changes in foreign currency exchange rates; however, we do contract with vendors that are located primarily in the United Kingdom and may be subject to fluctuations in foreign currency rates. We may enter into additional contracts with vendors located outside the United States in the future, which may increase our foreign currency exchange risk. We do not believe that foreign currency risk had a material effect on our business, financial condition, or results of operations during the periods presented.

We do not believe that inflation had a significant impact on our results of operations for any periods presented in our financial statements. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs, and our inability or failure to do so could harm our business, financial condition and results of operations.

## **Item 4. Controls and Procedures.**

### **Material Weaknesses in Internal Control Over Financial Reporting**

- There is limited segregation of duties; specifically, the Company did not have adequate internal personnel in the financial accounting and reporting department.
- The Company lacked a formal process for review and approval of the Company’s financial statements.
- The Company did not design adequate and appropriate internal controls, including monitoring controls, to review and evaluate the accounting implications of all material transactions that occurred in the period.

### **Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the fiscal quarter ended September 30, 2023, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial officer concluded that during the period covered by this Quarterly Report, our disclosure controls and procedures were not effective, due to material weaknesses present as of the end of the fiscal quarter ended September 30, 2023.

#### ***Changes in Internal Control over Financial Reporting***

During the fiscal quarter ended September 30, 2023, the Company completed the Merger with MURF, as discussed in Note 3 to the unaudited condensed consolidated financial statements. In connection with the Merger, the Company hired a chief financial officer, chief accounting officer and additional accounting staff. The Company also implemented segregation of duties with regards to accounting, processing of payments, and access to Company funds. The Company also reconstituted its Board of Directors, to have a majority of Independent Directors, including a fully independent Audit Committee. Finally, the Company now has internal resources to adequately review and approve financial statements. As such, the Company believes the addition of aforementioned employees and improved processes resulted in the beginning of significant changes in our internal control over financial reporting that occurred during the fiscal quarter ended September 30, 2023, covered by this Quarterly Report on Form 10-Q and are reasonably likely to materially affect, our internal control over financial reporting. However, the Company expects the aforementioned material weaknesses previously regarding segregation of duties, review and approval of financial statements, and monitoring controls identified are likely to be remedied only by the end of the Company's annual reporting period, or December 31, 2023.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

Other than as set forth below, we are not currently party to or aware of being subject to any material legal proceedings. However, we may from time to time become a party to various legal proceedings arising in the ordinary course of our business, which could have a material adverse effect on our business, financial condition, or results of operations. Regardless of outcome, litigation could impact our business due to defense and settlement costs, diversion of management resources and other factors.

In August 2023, prior to the Merger, our now wholly-owned subsidiary, Conduit Pharmaceuticals Limited, received a letter from Strand Hanson Limited ("Strand") claiming it was owed advisory fees pursuant to a previously executed letter. Conduit rejected and disputes the substance of the letter in full. Following such rejection, on September 7, 2023, Strand filed a claim in the Business and Property Courts of England and Wales claiming it is entitled to be paid the sum of \$2 million and, as a result of the completion of the Merger, to be issued 6.5 million shares of common stock. We intend to vigorously defend against these claims. Regardless of its outcome, the litigation may impact our business due to, among other things, defense legal cost and the diversion of the attention of our management.

### Item 1A. Risk Factors.

There are no material changes from the risk factors previously disclosed in our Current Report on Form 8 K/A dated September 22, 2023, filed with the SEC on October 5, 2023.

### Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities.

All items required to be disclosed have been previously disclosed in a Current Report on Form 8-K.

### Item 3. Defaults Upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures.

Not applicable.

### Item 5. Other Information.

None.

## Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

### EXHIBIT INDEX

Exhibit	Description
2.1	<a href="#">Agreement and Plan of Merger Agreement dated as of November 8, 2022, by and among Murphy Canyon Acquisition Corp., Conduit Merger Sub, Inc. and Conduit Pharmaceuticals Limited (filed as Annex A-1 to the Registrant's Proxy Statement/Prospectus filed on August 11, 2023, and incorporated herein by reference).</a>
2.2	<a href="#">Amendment to Agreement and Plan of Merger dated as of January 27, 2023, by and among Murphy Canyon Acquisition Corp., Conduit Merger Sub, Inc. and Conduit Pharmaceuticals Limited (filed as Annex A-2 to the Registrant's Proxy Statement/Prospectus filed on August 11, 2023, and incorporated herein by reference).</a>
2.3	<a href="#">Second Amendment to Agreement and Plan of Merger dated as of May 11, 2023, by and among Murphy Canyon Acquisition Corp., Conduit Merger Sub, Inc. and Conduit Pharmaceuticals Limited (filed as Annex A-3 to the Registrant's Proxy Statement/Prospectus filed on August 11, 2023, and incorporated herein by reference).</a>
3.1	<a href="#">Second Amended and Restated Certificate of Incorporation of the Registrant (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on September 29, 2023, and incorporated herein by reference).</a>
3.2	<a href="#">Amended and Restated Bylaws of the Registrant (filed as Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on September 29, 2023, and incorporated herein by reference).</a>
10.1	<a href="#">Form of Subscription Agreement between Murphy Canyon Acquisition Corp. and the investor named therein (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 13, 2023, and incorporated herein by reference).</a>
10.2	<a href="#">Form of Warrant (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on September 13, 2023, and incorporated herein by reference).</a>
10.3	<a href="#">Form of Indemnity Agreement between Conduit Pharmaceuticals Inc. and its Directors and Executive Officers (filed as Exhibit 10.9 to the Registrant's Amendment to Current Report on Form 8-K filed on October 5, 2023, and incorporated herein by reference).</a>
31.1*	<a href="#">Certification of Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1§	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2§	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS*	Inline XBRL Instance Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

\* Filed herewith.

§ In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release Nos. 33-8238 and 34-47986, Final Rule: Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished in Exhibits 32.1 and 32.2 hereto is deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

## SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

November 20, 2023

### CONDUIT PHARMACEUTICALS INC

By: /s/ Dr. David Tapolczay

Name: Dr. David Tapolczay

Title: Chief Executive Officer  
(Principal Executive Officer)

November 20, 2023

By: /s/ Adam Sragovicz

Name: Adam Sragovicz

Title: Chief Financial Officer  
(Principal Financial and Accounting Officer)

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Exhibit 31.1

### CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, David Tapolczay, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Conduit Pharmaceuticals 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 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 my supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiary, is made known to me 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 internal control over financial reporting to be designed under my 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 my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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

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

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

*/s/ Dr. David Tapolczay*

Dr. David Tapolczay

*Chief Executive Officer (Principal Executive Officer)*

November 20, 2023 May 14, 2024

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Exhibit 31.2

#### CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Adam Sragovicz, certify that:

- I have reviewed this Quarterly Report on Form 10-Q of Conduit Pharmaceuticals Inc. (the Registrant);
- 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;
- 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;
- The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and we have:
  - 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 subsidiary, 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 internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

*/s/ Adam Sragovicz*

Adam Sragovicz

*Chief Financial Officer (Principal Financial Officer)*

November 21, 2023 May 14, 2024

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Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Form 10-Q of Conduit Pharmaceuticals Inc. for the period ended **September 30, 2023** **March 31, 2024**, I, Dr. David Tapolczay, Chief Executive Officer of Conduit Pharmaceuticals Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

- (1) Such Quarterly Report on Form 10-Q of Conduit Pharmaceuticals Inc. for the period ended **September 30, 2023** **March 31, 2024**, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in such Quarterly Report on Form 10-Q of Conduit Pharmaceuticals Inc. for the period ended **September 30, 2023** **March 31, 2024**, fairly presents, in all material respects, the financial condition and results of operations of Conduit Pharmaceuticals Inc.

*/s/ Dr. David Tapolczay*

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Dr. David Tapolczay

*Chief Executive Officer (Principal Executive Officer)*

November 20, 2023 May 14, 2024

A signed original of the certification required by Section 906 has been provided to Conduit Pharmaceuticals Inc. and will be retained by Conduit Pharmaceuticals Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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Exhibit 32.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the accompanying Quarterly Report on Form 10-Q of Conduit Pharmaceuticals Inc. for the period ended **September 30, 2023** **March 31, 2024**, I, Adam Sragovicz, Chief Financial Officer of Conduit Pharmaceuticals Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

- (1) Such Quarterly Report on Form 10-Q of Conduit Pharmaceuticals Inc. for the period ended **September 30, 2023** **March 31, 2024**, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in such Quarterly Report on Form 10-Q of Conduit Pharmaceuticals Inc. for the period ended **September 30, 2023** **March 31, 2024**, fairly presents, in all material respects, the financial condition and results of operations of Conduit Pharmaceuticals Inc.

*/s/ Adam Sragovicz*

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Adam Sragovicz

*Chief Financial Officer (Principal Financial Officer)*

November 20, 2023 May 14, 2024

A signed original of the certification required by Section 906 has been provided to Conduit Pharmaceuticals Inc. and will be retained by Conduit Pharmaceuticals Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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