

REFINITIV

# DELTA REPORT

## 10-Q

ANEB - ANEBULO PHARMACEUTICALS,

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

The following comparison report has been automatically generated

TOTAL DELTAS 1614

<span style="color: yellow;">■</span>	CHANGES	9
<span style="color: pink;">■</span>	DELETIONS	22
<span style="color: green;">■</span>	ADDITIONS	1583

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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  
or  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File No. 001-40388

**ANEBULO PHARMACEUTICALS, INC.**

(Exact name of registrant as specified in its charter)

Delaware

85-1170950

(State or other jurisdiction of  
incorporation or organization)

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

1017 Ranch Road 620 South, Suite 107

Lakeway, Texas

78734

(Address of principal executive offices)

(Zip Code)

(512)598-0931

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	ANEB	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of November 6, 2023, the registrant had 25,633,217 shares of common stock, par value \$0.001 per share, outstanding.

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**Anebulo Pharmaceuticals, Inc.**  
**Table of Contents**

	Page Number
<a href="#"><u>Special Note Regarding Forward-Looking Statements</u></a>	
<a href="#"><u>Risk Factors Summary</u></a>	
<b>PART I. FINANCIAL INFORMATION</b>	
<a href="#"><u>Item 1. Financial Statements (Unaudited)</u></a>	1
<a href="#"><u>Condensed Balance Sheets</u></a>	1
<a href="#"><u>Condensed Statements of Operations</u></a>	2
<a href="#"><u>Condensed Statements of Stockholders' Equity</u></a>	3
<a href="#"><u>Condensed Statements of Cash Flows</u></a>	4
<a href="#"><u>Notes to Unaudited Condensed Financial Statements</u></a>	5
<a href="#"><u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u></a>	10
<a href="#"><u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u></a>	17
<a href="#"><u>Item 4. Controls and Procedures</u></a>	17
<b>PART II. OTHER INFORMATION</b>	
<a href="#"><u>Item 1. Legal Proceedings</u></a>	18
<a href="#"><u>Item 1A. Risk Factors</u></a>	18
<a href="#"><u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u></a>	49
<a href="#"><u>Item 3. Defaults Upon Senior Securities</u></a>	49
<a href="#"><u>Item 4. Mine Safety Disclosures</u></a>	49
<a href="#"><u>Item 5. Other Information</u></a>	49
<a href="#"><u>Item 6. Exhibits</u></a>	49
<a href="#"><u>Signatures</u></a>	50
<p>In this report, unless otherwise stated or as the context otherwise requires, references to "Anebulo Pharmaceuticals," "Anebulo," "Company," "we," "us," "our" and similar references refer to Anebulo Pharmaceuticals, Inc. The Anebulo logo, and other trademarks or service marks of Anebulo Pharmaceuticals, Inc. appearing in this report are the property of Anebulo Pharmaceuticals, Inc. This report also contains registered marks, trademarks and trade names of other companies. All other trademarks, registered marks and trade names appearing in this report are the property of their respective holders. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies.</p>	

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are subject the "safe harbor" created by those sections. These forward-looking statements about us and our industry involve substantial risks and uncertainties and our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth below under Part II, Item 1A, "Risk Factors" in this Quarterly Report. All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future financial condition, business strategy and plans, and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "believe," "may," "could," "will," "estimate," "continue," "anticipate," "intend," "seek," "plan," "expect," "should," "would," "potentially" or the negative of these terms or similar expressions in this Quarterly Report.

We have based these forward-looking statements largely on our current expectations, beliefs, estimates and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond our control. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These forward-looking statements include, but are not limited to, statements about:

- our expectations regarding our capital requirements, revenue, expenses and other operating results, and needs for additional financing;
- the timing or outcome of any of our regulatory submissions;
- the timing and conduct of our clinical trials, including statements regarding the timing, progress and results of current and future nonclinical studies and clinical trials, and our research and development programs;
- the clinical utility of, potential advantages of and timing or likelihood of regulatory filings and approvals for ANEB-001;
- the market opportunity for ANEB-001, if approved;
- our expectations regarding future growth;
- our ability to obtain and maintain adequate intellectual property rights and adequately protect and enforce such rights;
- our ability to maintain our existing licensing arrangements and enter into and maintain other collaborations or licensing arrangements;
- our estimates regarding the commercial potential and market opportunity for our product candidates;
- the performance of our third-party suppliers and manufacturers;
- our ability to compete effectively with existing competitors and new market entrants;
- the impact on our business of economic or political events or trends; and
- the impact of governmental laws and regulations.

You should not place undue reliance on these forward-looking statements. Unless required by law, we undertake no obligation to update or revise any forward-looking statements to reflect new information or future events or developments. Thus, you should not assume that our silence over time means that actual events are bearing out as expressed or implied in such forward-looking statements. You should carefully read this Quarterly Report, including the section titled "Risk Factors" and the documents that we reference in this Quarterly Report and have filed as exhibits to this Quarterly Report completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of the forward-looking statements in this report by these cautionary statements.

## RISK FACTORS SUMMARY

Below is a summary of material factors that make an investment in our common stock speculative or risky. Importantly, this summary does not address all of the risks and uncertainties that we face. Additional discussion of the risks and uncertainties summarized in this risk factor summary, as well as other risks and uncertainties that we face, can be found under "Risk Factors" in Part II, Item 1A of this Quarterly Report. The below summary is qualified in its entirety by that more complete discussion of such risks and uncertainties. You should carefully consider the risks and uncertainties described under "Risk Factors" in Part II, Item 1A of this Quarterly Report as part of your evaluation of an investment in our common stock.

- We have not generated any revenue since our inception and expect to incur future losses and may never become profitable.
- Our business is highly dependent on our lead product candidate, ANEB-001, and we must complete clinical testing before we can seek regulatory approval and begin commercialization of any of our product candidates.
- We depend substantially on intellectual property licensed from third parties, including Vernalis Development Limited, and termination of any of these licenses could result in the loss of significant rights, which would harm our business.
- We will need substantial additional funding, and if we are unable to raise capital when needed, we could be forced to delay, reduce or eliminate our product discovery and development programs or commercialization efforts.
- We have entered into the LSA with 22NW and JFL for a debt facility. The debt facility may be secured by substantially all of the Company's assets. Additionally, a default thereunder would have material adverse consequences on our financial condition, operating results, and business.
- We are highly dependent on our key personnel and anticipate hiring new key personnel. If we are not successful in attracting and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.
- If we are unable to obtain and maintain sufficient intellectual property protection for our product candidates or if the scope of the intellectual property protection is not sufficiently broad, our ability to commercialize our product candidates successfully and to compete effectively may be adversely affected.
- We have a limited operating history, which may make it difficult to evaluate the success of our business to date and to assess our future viability.
- We are early in our development efforts and have only one product candidate in clinical development. If we are unable to successfully develop and commercialize our product candidate or experience significant delays in doing so, our business may be materially harmed.
- Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and the inability to successfully and timely conduct clinical trials and obtain regulatory approval for our product candidates would substantially harm our business.
- The results of clinical trials are not necessarily predictive of future results. Our existing product candidate in clinical trials, and any other product candidate we advance into clinical trials, may not have favorable results in later clinical trials or receive regulatory approval.
- Any products we develop may become subject to unfavorable pricing regulations, third-party coverage and reimbursement practices or healthcare reform initiatives, thereby harming our business.

- We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do.
- Our product candidates, the methods used to deliver them or their dosage levels may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label or result in significant negative consequences following any regulatory approval.
- We currently have no marketing and sales organization and we have no direct experience marketing pharmaceutical products. If we are unable to establish our own marketing and sales capabilities, or enter into agreements with third parties to market and sell our products after approval, we may not be able to generate product revenues.
- New drugs, which may be developed by others, could impair our ability to maintain and grow our business and remain competitive.
- We depend on third parties in connection with our preclinical testing and clinical trials, which may result in costs and delays that prevent us from obtaining regulatory approval or successfully commercializing ANEB-001 or future product candidates.
- We will be completely dependent on third parties to manufacture ANEB-001, and our commercialization of ANEB-001 could be halted, delayed or made less profitable if those third parties fail to obtain manufacturing approval from the FDA or comparable foreign regulatory authorities, fail to provide us with sufficient quantities of ANEB-001 or fail to do so at acceptable quality levels or prices.
- The trading price and volume of our common stock in the public markets has experienced, and may in the future experience, volatility due to a variety of factors, many of which are beyond our control.

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**PART I. FINANCIAL INFORMATION**

**Anebulo Pharmaceuticals, Inc.**  
**Condensed Balance Sheets**  
**(unaudited)**

	<b>September 30, 2023</b>	<b>June 30, 2023</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,520,578	\$ 11,247,403
Prepaid expenses	527,306	422,748
Total assets	<b>\$ 9,047,884</b>	<b>\$ 11,670,151</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 565,949	\$ 534,545
Accrued expenses	150,611	534,256
Total liabilities	<b>716,560</b>	<b>1,068,801</b>
<b>Commitments and contingencies</b>		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 2,000,000 shares authorized, no shares issued or outstanding at September 30, 2023 and June 30, 2022	-	-
Common stock, \$0.001 par value; 40,000,000 shares authorized; 25,633,217 shares issued and outstanding at September 30, 2023 and June 30, 2023	25,634	25,634
Additional paid-in capital	67,988,554	67,777,757
Accumulated deficit	(59,682,864)	(57,202,041)
Total stockholders' equity	<b>8,331,324</b>	<b>10,601,350</b>
Total liabilities and stockholders' equity	<b>\$ 9,047,884</b>	<b>\$ 11,670,151</b>

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

**Anebulo Pharmaceuticals, Inc.**  
**Condensed Statements of Operations**  
**(unaudited)**

	<b>Three Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Research and development	\$ 1,270,220	\$ 1,223,776
General and administrative	1,273,458	1,388,271
Total operating expenses	<u>2,543,678</u>	<u>2,612,047</u>
Loss from operations	(2,543,678)	(2,612,047)
Other (income) expenses:		
Interest income	(55,198)	-
Other	(7,657)	212
Total other (income) expenses, net	<u>(62,855)</u>	<u>212</u>
Net loss	\$ (2,480,823)	\$ (2,611,835)
Weighted average common shares outstanding, basic and diluted	<u>25,633,217</u>	<u>23,416,495</u>
Net loss per share, basic and diluted	<u>\$ (0.10)</u>	<u>\$ (0.11)</u>

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

**Anebulo Pharmaceuticals, Inc.**  
**Condensed Statements of Stockholders' Equity**  
(unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at June 30, 2022	23,344,567	\$ 23,345	\$60,513,258	\$ (45,469,703)	\$ 15,066,900
Issuance of common stock, net of offering costs	2,264,650	2,265	6,395,556	-	6,397,821
Common stock issued upon exercise of options	24,000	24	52,376	-	52,400
Stock-based compensation expense	-	-	211,900	-	211,900
Net loss	-	-	-	(2,611,835)	(2,611,835)
Balance at September 30, 2022	<u>25,633,217</u>	<u>\$ 25,634</u>	<u>\$67,173,090</u>	<u>\$ (48,081,538)</u>	<u>\$ 19,117,186</u>
Balance at June 30, 2023	25,633,217	25,634	67,777,757	(57,202,041)	10,601,350
Stock-based compensation expense	-	-	210,797	-	210,797
Net loss	-	-	-	(2,480,823)	\$ (2,480,823)
Balance at September 30, 2023	<u>25,633,217</u>	<u>\$ 25,634</u>	<u>\$67,988,554</u>	<u>\$ (59,682,864)</u>	<u>\$ 8,331,324</u>

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

**Anebulo Pharmaceuticals, Inc.**  
**Condensed Statements of Cash Flows**  
**(unaudited)**

	<b>Three Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (2,480,823)	\$ (2,611,835)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock-based compensation	210,797	211,900
Changes in operating assets and liabilities:		
Prepaid expenses	(104,558)	429,292
Accounts payable	31,404	(106,282)
Accrued expenses	(383,645)	43,003
Net cash used in operating activities	<u>(2,726,825)</u>	<u>(2,033,922)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock	-	6,646,748
Proceeds from issuance of common stock upon exercise of options	-	52,400
Net cash provided by financing activities	<u>-</u>	<u>6,699,148</u>
Net (decrease) increase in cash and cash equivalents	(2,726,825)	4,665,226
Cash and cash equivalents, beginning of period	<u>11,247,403</u>	<u>14,548,471</u>
Cash and cash equivalents, end of the period	<u><u>\$ 8,520,578</u></u>	<u><u>\$ 19,213,697</u></u>

## **Supplemental Disclosure of Noncash Investing and Financing Activities:**

## Offering

The accompanying notes are:

\$ - \$ 248,927

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

4

**Anebulo Pharmaceuticals, Inc.**  
**Notes to Condensed Financial Statements**  
**(unaudited)**

**Note 1. Nature of business and basis of presentation**

**Organization**

Anebulo Pharmaceuticals, Inc. (the "Company") was founded on April 23, 2020, as a Delaware corporation. The Company is a clinical stage biotechnology company focused on developing and commercializing new treatments for patients suffering from Acute Cannabis Intoxication ("ACI") and addiction. The Company's principal operations are located in Lakeway, Texas.

**Liquidity and capital resources**

Since inception, the Company's activities have consisted primarily of performing research and development to advance its product candidates. The Company is still in the development phase and has not been marketing any developed products to date. Since inception, the Company has incurred losses, including a net loss of approximately \$2.5 million for the three-month period ended September 30, 2023. As of September 30, 2023, the Company had an accumulated deficit of \$59.7 million. The Company expects to continue to generate operating losses. The Company expects that its cash, along with access to the Facility Amount under the LSA (as defined below in Note 9), will be sufficient to fund its operating expenses and capital expenditure requirements through at least 12 months from the issuance date of the financial statements. Until such time, if ever, as the Company can generate substantial product revenue from sales of any current or future product candidates, the Company expects to seek additional funding in order to reach its development and commercialization objectives through various potential sources, such as equity and debt financings or through collaboration, license and development agreements. The Company may not be able to obtain funding or enter into collaboration, license or development agreements on acceptable terms, or at all. The terms of any funding may be dilutive to or adversely affect the rights of the Company's stockholders. If the Company is unable to obtain funding on satisfactory terms, or at all, the Company could be forced to delay, scale back or eliminate the development of its current or future product candidates or other business.

**Risks and uncertainties**

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include uncertainty regarding results of clinical trials and reaching milestones, uncertainty of regulatory approval of the Company's current or future product candidates, uncertainty of market acceptance of the Company's product candidates, if approved, competition from substitute products and larger companies, securing and protecting proprietary technology, ability to establish strategic relationships and dependence on key individuals and sole source suppliers. Product candidates 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 require significant amounts of additional capital, adequate personnel and infrastructure and extensive compliance-reporting capabilities and may not ultimately lead to a marketing approval and commercialization of a product.

The Company's product candidates require approvals from the U.S. Food and Drug Administration ("FDA") and comparable foreign regulatory agencies prior to commercial sales in their respective jurisdictions. There can be no assurance that any product candidates will receive the necessary approvals. If the Company was denied approval, approval was delayed or the Company was unable to maintain approval for any product candidate, it could have a materially adverse impact on the Company. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales. The Company will need to generate significant revenue to achieve profitability, and it may never do so.

#### **Basis of presentation**

The accompanying condensed financial statements and accompanying notes have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

The unaudited interim condensed financial statements of the Company included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been omitted from this report, as is permitted by such rules and regulations. Accordingly, these condensed financial statements should be read in conjunction with the financial statements as of and for the year ended June 30, 2023 and the notes thereto, which are included in the Company's Annual Report on Form 10-K (File No. 001-40388).

In the opinion of management, the information furnished reflects all adjustments, all of which are of a normal and recurring nature, necessary for a fair presentation of the results for the reported interim periods. The Company considers events or transactions that occur after the balance sheet date but before the condensed financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year or any other interim period.

#### **Note 2. Summary of Significant Accounting Policies**

The Company's significant accounting policies are disclosed in the audited financial statements as of and for the year ended June 30, 2023, and notes thereto, which are included in the Company's Annual Report on Form 10-K that was filed with the SEC on September 22, 2023. Since the date of those financial statements, there have been no material changes to significant accounting policies.

### Note 3. Prepaid Expenses

Prepaid expenses consisted of the following:

	<b>September 30, 2023</b>	<b>June 30, 2023</b>
Prepaid insurance	\$ 274,225	\$ 391,750
Prepaid research and development	220,168	-
Prepaid other	32,913	30,998
<b>Total prepaid expenses</b>	<b>\$ 527,306</b>	<b>\$ 422,748</b>

### Note 4. Accrued Expenses

Accrued expenses consisted of the following:

	<b>September 30, 2023</b>	<b>June 30, 2023</b>
Accrued payroll related expenses	\$ 116,200	\$ 190,121
Accrued professional fees	34,411	-
Accrued research and development	-	344,135
<b>Total accrued expenses</b>	<b>\$ 150,611</b>	<b>\$ 534,256</b>

### Note 5. License Agreement

In May 2020, the Company licensed certain intellectual property, know-how and clinical trial data from Vernalis Development Limited ("Vernalis"). The initial consideration in exchange for the license was approximately \$0.2 million and was recorded as research and development expense in the statement of operations for the period from April 23, 2020 (inception) to June 30, 2020. The license term shall continue unless and until terminated for cause or insolvency, with 60 days' prior notice by the Company, or until such time as all royalties and other sums cease to be payable in accordance with the terms of the agreement. The Company is required to pay development milestone payments related to clinical trials and granting of marketing authorization ranging from \$0.4 million to \$3.0 million, up to a total development milestone payment of \$29.9 million, and sales milestone payments of \$10.0 million and \$25.0 million, in the first year when cumulative annual net sales of licensed product exceeds \$500.0 million and \$1 billion, respectively. The Company is also required to pay single-digit royalties on product sales over the term of the contract.

As part of the initial public offering ("IPO") in May 2021, the Company issued 192,857 shares of common stock to Vernalis in lieu of future milestone payments by the Company of approximately \$1.4 million, whether or not the Company achieves those milestones. The Company has determined that no further milestone payments are considered probable as of September 30, 2023, and therefore no liability has been recorded.

## Note 6. Stockholders' Equity

On May 4, 2021, the Company filed an amended and restated certificate of incorporation (the "Restated Certificate") with the Secretary of State of the State of Delaware in connection with the closing of its IPO. As set forth in the Restated Certificate, the Company's authorized capital stock consists of 40,000,000 shares of common stock, par value \$0.001 per share, and 2,000,000 shares of preferred stock, par value \$0.001 per share.

On September 28, 2022, the Company completed a private placement financing of 2,264,650 units (collectively, the "Units"), with each Unit consisting of (i) one share of its common stock and (ii) a warrant to purchase one share of its common stock, for aggregate gross proceeds of approximately \$6.6 million (or \$2.935 per Unit). The Company received approximately \$6.3 million in net proceeds after deducting financing fees of approximately \$0.3 million. Each warrant has an exercise price of \$4.215 per share, which is subject to customary adjustments in the event of any combination or split of our common stock. The warrants expire on September 28, 2027.

## Note 7. Stock-Based Compensation

In June 2020, the Board of Directors adopted the 2020 Stock Incentive Plan, which provided for the grant of qualified incentive stock options and nonqualified stock options or other awards to the Company's employees, officers, directors, advisors, and outside consultants for the purchase of up to 1,650,000 shares of the Company's common stock. On October 22, 2021, the Company's stockholders approved an increase of the total authorized shares to 3,650,000 shares. Other awards include restricted stock, restricted stock units, stock appreciation rights and other stock-based awards. Other stock-based awards are awards valued in whole or in part by reference to, or are otherwise based on, shares of common stock. Stock options generally vest over a four-year period, at achievement of a performance requirement, or upon change of control (as defined in the applicable plan). The awards expire in five years from the date of grant. As of September 30, 2023, the Company had 588,607 shares available for future issuance under the 2020 Stock Incentive Plan.

The Company grants non-qualified stock option awards under the 2020 Stock Incentive Plan to its Board of Directors, employees and consultants of the Company. These awards are subject to the satisfaction of certain performance targets and vesting requirements pursuant to the award.

The Company estimates the fair value of stock-based compensation utilizing the Black-Scholes option pricing model, which is dependent upon several variables, such as assumptions the Company makes for the volatility of our common stock the expected term of the stock options, the risk-free interest rate for a period that approximates the expected term, and our expected dividend yield. Each of these inputs is subjective and generally requires significant judgement to determine. Stock-based compensation is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which is generally the vesting period of the respective award.

The following table summarizes the range of key assumptions used to determine the fair value of stock options granted during the three months ended September 30, 2023 and 2022.

	Three Months Ended September 30,	
	2023	2022
Risk-free interest rate	4.62%	2.87%
Expected term (in years)	6.25	4.5
Expected volatility	60%	50%
Expected dividend yield	-	-

The following table summarizes stock option activity for the three months ended September 30, 2023:

	<b>Number of Shares</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Term (Years)</b>	<b>Aggregate Intrinsic Value</b>
Outstanding at June 30, 2023	2,049,313	\$ 4.54	3.7	
Granted	10,000	\$ 3.27		
Exercised	-	\$ -		
Forfeited/cancelled	(4,420)	\$ 6.00		
Outstanding at September 30, 2023	<u>2,054,893</u>	\$ 4.53	3.0	\$ 565,862
Options exercisable at September 30, 2023	<u>882,224</u>	\$ 4.30	3.1	\$ 361,079

The weighted-average grant date fair value of options awarded during the three months ended September 30, 2023 was approximately \$1.99 per share. As of September 30, 2023, unrecognized stock-based compensation expense related to unvested stock options totaled approximately \$2.2 million, which is expected to be recognized over a weighted average period of 2.4 years.

The Company recorded stock-based compensation expense of approximately \$0.2 million for the three months ended September 30, 2023 and 2022.

#### **Note 8. Net Loss Per Share Attributable to Common Stockholders**

The following common stock equivalents were excluded from the calculation of net loss per share due to their anti-dilutive effect:

	<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>
Stock options outstanding	2,054,893	1,895,701
Warrants outstanding	2,264,650	2,264,650
Total	4,319,543	4,160,351

#### **Note 9. Subsequent Events**

##### *Executive Change*

On October 5, 2023, the Company terminated without cause the employment of Simon Allen, the Company's Chief Executive Officer. In connection with his termination, Mr. Allen agreed to severance payments equal to nine months of annual base compensation plus reimbursement for COBRA premiums paid by him for a maximum of 12 months. Mr. Allen resigned from the Company's Board of Directors on October 5, 2023.

On October 6, 2023, the Board of Directors appointed Richard (Richie) Anthony Cunningham as the Company's Chief Executive Officer and as a member of the Board of Directors. Pursuant to his Employment Agreement, on October 6, 2023, the Company granted Mr. Cunningham a stock option under the Company's 2020 Stock Incentive Plan to purchase up to 600,000 shares of the Company's common stock at an exercise price equal to the closing price of the common stock on the grant date. This option vests in 16 equal quarterly installments commencing on January 1, 2024. In addition, the Company granted Mr. Cunningham a performance-based stock option to purchase up to 140,000 shares of common stock at an exercise price per share equal to the closing price of the common stock on the date of grant. This option vests in installments upon achievement of certain business development, clinical and corporate milestones.

##### *Loan and Security Agreement*

On November 13, 2023, the Company entered into a Loan and Security Agreement ("LSA") with 22NW, LP ("22NW") and JFL Capital Management LLC ("JFL" and collectively with 22NW, the "Lenders") which will allow the Company to draw up to \$10 million (the "Facility Amount") as needed to fund future operations until the third anniversary of the LSA (the "Maturity Date"). Pursuant to the LSA, if the Company elects to draw on the Facility Amount (an "Advance"), JFL has the right, but not the obligation to fund 50% of the Advance at the request of the Company. If JFL elects not to fund 50% of the Advance, then 22NW will fund 100% of the Advance. The outstanding balance will accrue interest at 0.25% per annum and no fee will be assessed on the unused balance. Upon the draw of at least \$3 million in the aggregate, the LSA will be collateralized by substantially all of the Company's assets. All principal drawn and interest accrued under the LSA will be due and payable on the Maturity Date.

The Company issued 300,000 shares of common stock to 22NW upon the signing of the LSA. The Company will also issue 0.03 shares of common stock per dollar loaned in each Advance (rounded up or down to the nearest whole share) up to a maximum aggregate of 300,000 (the "Advance Shares"); provided that a minimum of 50,000 Advance Shares will be issued in connection with the first Advance. The Advance Shares shall be issued to the Lenders on a pro rata basis according to the portion of each Advance such Lender funds.

Joseph F. Lawler, M.D., Ph.D., our founder and a member of our Board of Directors, is the founder and Managing Member of JFL. Aron R. English, the President and Portfolio Manager of 22NW, and Nat Calloway, the lead for 22NW, are each members of our Board of Directors.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed financial statements and related notes included in this Quarterly Report and the audited financial statements and notes thereto as of and for the year ended June 30, 2023 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K for the year ended June 30, 2023 ("Annual Report"), which was filed with the SEC on September 22, 2023. The information in this discussion contains forward-looking statements and information within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, which are subject to the "safe harbor" created by those sections. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, prospects and plans and objectives of management. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation, the risks set forth in Part II, Item 1A, "Risk Factors" in this Quarterly Report. Please also see the section entitled "Special Note Regarding Forward-Looking Statements."

### Overview

We are a clinical-stage biotechnology company developing novel solutions for people suffering from acute cannabinoid intoxication ("ACI") and substance addiction. Our lead product candidate, ANEB-001, is intended to rapidly reverse the negative effects of ACI and reduce time to recovery. ACI is characterized by signs and symptoms that may include sedation, anxiety, panic attacks, agitation, psychosis, tachycardia, and in extreme cases, respiratory depression and coma. In pediatric subjects, exposure to high doses of THC can lead to severe complications, including profound sedation, seizures, coma, and death. There is no approved medical treatment currently available to specifically alleviate the symptoms of ACI, and we are not aware of any competing products that are further along in the development process than ANEB-001 in reversing the effects of cannabinoids like delta-9-tetrahydrocannabinol, better known as THC, the principal psychoactive constituent of cannabis. Previous clinical trials completed by a third party have shown that ANEB-001 is rapidly absorbed, well tolerated and, when repeatedly administered to obese subjects, leads to weight loss, an effect that is consistent with central antagonism of the cannabinoid receptor type-1 ("CB1"), the primary target of agonists like THC. In March 2021, our European clinical trial application ("CTA"), which is equivalent to an investigational new drug application in the United States, was accepted in the Netherlands to allow us to utilize ANEB-001 in a randomized, double-blind, placebo-controlled Phase 2 human proof-of-concept clinical trial in the Netherlands for potential use as a treatment for ACI. The study was designed to evaluate the safety, tolerability, pharmacokinetics, and effectiveness of a single dose of ANEB-001 in treating healthy adult subjects challenged with THC. We announced on January 3, 2022, that the first patient had been dosed in the Netherlands Trial. On May 11, 2022, we announced the dosing of all 60 subjects in Part A of the Netherlands Trial. On March 28, 2023, we announced complete results from Part A and Part B of the Netherlands Trial, in a total of 134 subjects. Dosing of an additional 20 subjects in an open-label extension of the study ("Part C") was initiated in July 2023 and completed in August 2023. We met with the FDA in July 2023 for a Type B meeting to discuss the Part A and B Phase 2 data and the potential path forward for Phase 3 development of ANEB-001 and received the minutes of the meeting in August 2023. The FDA indicated that a single well-controlled study of ANEB-001 in ACI patients presenting to the emergency department combined with a larger THC challenge study in volunteers could potentially provide substantial evidence to support a new drug application. In addition, an observational study in patients presenting to emergency departments with ACI is currently ongoing. The study will determine concentrations of cannabinoids and metabolites in plasma and gather information on signs and symptoms, patients' disposition and selected assessments, where possible. We believe the data generated from the Netherlands Trial provide support for our development pathway.

ACI has become a widespread health issue in the United States, particularly in the increasing number of states that have legalized cannabis for medical and recreational use. Excessive ingestion of THC via edible products such as candies and brownies, and intoxication from synthetic cannabinoids (also known as "synthetics," including "K2" or

"spice"), are two leading causes of THC-related emergency room visits. Synthetic cannabinoids are analogous to fentanyl for opioids insofar as they are more potent at the cannabinoid receptor than their natural product congener THC.

In recent years, hospital emergency rooms across the United States have seen a dramatic increase in patient visits with cannabis-related conditions. Before the legalization of cannabis, an estimated 450,000 patients visited hospital emergency rooms annually for cannabis-related conditions. In 2014, this number more than doubled to an estimated 1.1 million patients, according to data published in "Trends and Related Factors of Cannabis-Associated Emergency Department Visits in the United States: 2006-2014," Journal of Addiction Medicine (May/June 2019), which provided a national estimate analyzing data from The Nationwide Emergency Department Sample ("NEDS"), the largest database of U.S. hospital-owned emergency department visits. Based on our own analysis of the most recent NEDS data, we believe that the number of emergency department visits grew to 1.7 million patients in 2019 and was growing at an approximately 15% compounded annual growth rate between 2011 and 2019. We believe the number of cannabis-related emergency department visits and other health problems associated with ACIs such as depression, anxiety and mental disorders will continue to increase substantially as more states pass laws legalizing cannabis for medical and recreational use. Given the consequences, there is an urgent need for a treatment to rapidly reverse the symptoms of ACI.

In May 2020, we entered into a royalty-bearing license agreement with Vernalis Development Limited ("License Agreement") to exploit its license compounds and licensed products to combat symptoms of ACI and substance addiction. We are currently developing our lead product candidate, ANEB-001 to quickly, and effectively, combat symptoms of ACI.

Our objective is to develop and commercialize new treatment options for patients suffering from ACI and substance addiction. Our lead product candidate is ANEB-001, a potent, small molecule cannabinoid receptor antagonist, to address the unmet medical need for a specific antidote for ACI. ANEB-001 is an orally bioavailable, rapidly absorbed treatment that we anticipate will rapidly reverse the symptoms of ACI. Our proprietary position in the treatment of ACI is protected by rights to two patent applications covering various methods of use of the compound and delivery systems.

We were incorporated in Delaware on April 23, 2020, and commenced operations in May 2020. Our operations to date have consisted of organizing and acquiring the license rights to Vernalis' licensed products, assembling an executive team, advancing development of ANEB-001, including the synthesis of additional active pharmaceutical ingredient, development and manufacturing of drug formulations for nonclinical and clinic studies, the development and filing of a clinical trial protocol with regulatory agencies in the Netherlands, execution of a Phase 2 proof-of-concept trial, continuation of nonclinical studies to support further development, interactions with FDA, and raising capital. Prior to our initial public offering ("IPO"), we funded our operations through a private placement of our series A convertible preferred stock and issuance of two promissory notes to a related party.

On October 12, 2021, the United States Patent and Trademark Office issued us U.S. Patent No. 11,141,404, titled "Formulations and Methods For Treating Acute Cannabinoid Overdose." The issued patent describes the use of our investigational drug ANEB-001 to treat acute cannabinoid overdose and is expected to provide patent protection through 2040.

On September 25, 2022, we entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain institutional accredited investors (the "Purchasers"), pursuant to which we sold and issued to the Purchasers in a private placement financing an aggregate of 2,264,650 units (collectively, the "Units"), with each Unit consisting of (i) one share of our common stock and (ii) a warrant to purchase one share of our common stock, for an aggregate purchase price of approximately \$6.6 million (or \$2.935 per Unit) (the "Private Placement"). The closing of the Private Placement occurred on September 28, 2022. We received approximately \$6.3 million in net proceeds from the Private Placement after deducting financing fees of approximately \$0.3 million. Each warrant has an exercise price of \$4.215 per share, which is subject to customary adjustments in the event of any combination or split of our common stock, and has a five-year term.

As more fully described in the Liquidity and Capital Resources section below, on November 13, 2023, we entered into a Loan and Security Agreement ("LSA") with 22NW, LP ("22NW") and JFL Capital Management LLC ("JFL") which will allow us to borrow up to \$10 million as needed to fund future operations. The outstanding balance will accrue interest at 0.25% per annum and no fee will be assessed on the unused balance. The LSA will terminate and all outstanding principal drawn and interest accrued owed there under shall be due and payable on November 13, 2026 (the "Maturity Date").

Joseph F. Lawler, M.D., Ph.D., our founder and a member of our Board of Directors, is the founder and Managing Member of JFL. Aron R. English, the President and Portfolio Manager of 22NW, and Nat Calloway, the lead for 22NW, are each members of our Board of Directors.

## Components of Results of Operations

### Revenue

We have not generated any revenue since inception. If our development efforts for our current lead product candidate, ANEB-001, or other additional product candidates that we may develop in the future, are successful and result in marketing approval, or if we enter into collaboration or license agreements with third parties, we may generate revenue in the future from a combination of product sales or payments from such collaboration or license agreements. We cannot predict if, when, or to what extent we will generate revenue from the commercialization and sale of our product candidates. We have incurred operating losses since inception and expect to continue to incur significant operating losses and negative cash flows from operations in the future.

## **Research and Development Expenses**

We expect to continue incurring significant research and development costs related to ANEB-001. Our research and development expenses for the three months ended September 30, 2023 and 2022 included research and development consulting expenses, nonclinical and clinical study costs, and other costs associated with development of our lead product candidate, ANEB-001.

We anticipate that our research and development activities will account for a significant portion of our operating expenses and these costs are expensed as incurred. We expect to significantly increase our research and development efforts as we continue to develop ANEB-001 and conduct additional clinical trials with volunteers and with ED patients suffering from symptoms of ACI, as well as continue to expand our product-candidate pipeline. Research and development expenses include:

- employee-related expenses, such as salaries, share-based compensation, benefits and travel expense for research and development personnel currently employed or that we plan to hire;
- direct third-party costs such as expenses incurred under agreements with contract research organizations ("CROs") and contract manufacturing organizations ("CMOs");
- costs associated with research and development activities of consultants;
- direct third-party costs such as expenses incurred under agreements with contract development and manufacturing organizations ("CDMOs") for drug substance and drug product manufacturing costs in connection with producing materials for use in conducting nonclinical studies and clinical trials;
- other third-party expenses directly attributable to the development of our product candidates; and
- amortization expense for future asset purchases used in research and development activities.

We currently have one lead product candidate; therefore, we do not track our internal research and development expenses on an indication-by-indication basis.

Research and development activities will continue to be central to our business model. We expect our research and development expenses to be significant over the next several years as we advance our current clinical development program and prepare to seek regulatory approval.

## **General and Administrative Expenses**

General and administrative expenses for the three months ended September 30, 2023 and 2022 consisted primarily of professional fees, stock-based compensation, insurance, personnel costs and rent.

## **Results of Operations**

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

The following table summarizes our results of operations:

	<b>Three Months Ended September 30,</b>		<b>Period to Period</b>
	<b>2023</b>		<b>Change</b>
	<b>2022</b>		
Research and development	\$ 1,270,220	\$ 1,223,776	\$ 46,444
General and administrative	1,273,458	1,388,271	(114,813)
<b>Total operating expenses</b>	<b>2,543,678</b>	<b>2,612,047</b>	<b>(68,369)</b>
Loss from operations	(2,543,678)	(2,612,047)	68,369
Other (income) expenses:			
Interest income	(55,198)	-	(55,198)
Other	(7,657)	212	(7,869)
<b>Total other (income) expenses, net</b>	<b>(62,855)</b>	<b>212</b>	<b>(63,067)</b>
Net loss	\$ (2,480,823)	\$ (2,611,835)	\$ 131,012

## Research and Development Expenses

Research and development expenses consisted of the following:

	Three Months Ended September 30,			Change
	2023	2022		
Nonclinical and clinical studies	\$ 841,133	\$ 731,285		\$ 109,848
Contract manufacturing	143,302	186,167		(42,865)
Compensation and related benefits	-	44,681		(44,681)
Other research and development	285,785	261,643		24,142
Total research and development expenses	<u>\$ 1,270,220</u>	<u>\$ 1,223,776</u>		<u>\$ 46,444</u>

The overall increase in research and development expenses was primarily attributable to an increase in activities related to nonclinical and clinical studies, and direct third-party costs incurred under agreements with CROs and CMOs, primarily related to Phase 2 clinical studies for ANEB-001.

## General and Administrative Expenses

General and administrative expenses consisted of the following:

	Three Months Ended September 30,			Change
	2023	2022		
Compensation and related benefits	\$ 264,710	\$ 355,631		\$ (90,921)
Professional and consultant fees	613,960	465,358		148,602
Stock-based compensation expense	210,797	211,900		(1,103)
Directors' and officers' insurance	117,525	241,877		(124,352)
Facilities and other costs	66,466	113,505		(47,039)
Total general and administrative expenses	<u>\$ 1,273,458</u>	<u>\$ 1,388,271</u>		<u>\$ (114,813)</u>

The overall decrease in general and administrative expenses was primarily attributable to compensation and related benefits due to decreased headcount and decrease in directors' and officers' insurance resulting from a decrease in yearly premium amount. This was partially offset by an increase in professional and consultant fees, including legal and accounting fees, to support our continuous growth in operations.

## Liquidity and Capital Resources

### Overview

Since our inception in April 2020, we have incurred significant operating losses. We expect to incur significant expenses and operating losses in the future as we advance the clinical development of our programs. In May 2021, we completed our IPO in which we received net proceeds of approximately \$19.8 million. As noted above, on September 28, 2022, we closed the Private Placement, in which we received net proceeds approximately \$6.3 million. As of September 30, 2023, we had cash of approximately \$8.5 million. As and if necessary, we will seek to raise additional funds through various potential sources, such as equity and debt financings or through collaboration, license and development agreements. We can give no assurances that we will be able to secure such additional sources of funds to support our operations on acceptable terms or at all, or, if such funds are available to us, that such additional financing will be sufficient to meet our needs.

### Loan and Security Agreement

On November 13, 2023, we entered into the LSA with 22NW and JFL (the "Lenders") which will allow us to draw up to \$10 million (the "Facility Amount") as needed to fund future operations until the Maturity Date. Pursuant to the LSA, if we elect to draw on the Facility Amount (an "Advance"), JFL has the right, but not the obligation to fund 50% of the Advance at our request. If JFL elects not to fund 50% of the Advance, then 22NW will fund 100% of the Advance. The outstanding balance will accrue interest at 0.25% per annum and no fee will be assessed on the unused balance.

Upon the draw of at least \$3 million in the aggregate, the LSA will be collateralized by substantially all of our assets. All principal drawn and interest accrued under the LSA will be due and payable on the Maturity Date.

We issued 300,000 shares of common stock to 22NW upon the signing of the LSA. We will also issue 0.03 shares of common stock per dollar loaned in each Advance (rounded up or down to the nearest whole share) up to a maximum aggregate of 300,000 (the "Advance Shares"); provided that a minimum of 50,000 Advance Shares will be issued in connection with the first Advance. The Advance Shares shall be issued to the Lenders on a pro rata basis according to the portion of each Advance such Lender funds.

Joseph F. Lawler, M.D., Ph.D., our founder and a member of our Board of Directors, is the founder and Managing Member of JFL. Aron R. English, the President and Portfolio Manager of 22NW, and Nat Calloway, the lead for 22NW, are each members of our Board of Directors.

## Cash Flows

The following table sets forth a summary of our cash flows:

	Three Months Ended September 30,	
	2023	2022
Net cash used in operating activities	\$ (2,726,825)	\$ (2,033,922)
Net cash provided by financing activities	-	6,699,148
Net (decrease) increase in cash	\$ (2,726,825)	\$ 4,665,226

During the three months ended September 30, 2023, we used cash in operating activities of approximately \$2.7 million primarily resulting from our net loss of \$2.5 million, partially offset by the non-cash related stock-based compensation of approximately \$0.2 million, and a change in operating assets and liabilities of approximately \$0.5 million. During the three months ended September 30, 2022, we used cash in operating activities of approximately \$2.0 million primarily resulting from our net loss of approximately \$2.6 million, partially offset by the non-cash related stock-based compensation of \$0.2 million, and a change in operating assets and liabilities of approximately \$0.4 million. We received cash from financing activities of \$6.7 million primarily resulting from the issuance of common stock and warrants of approximately \$6.6 million. Additionally, we received \$0.1 million relating to the exercise of stock options.

## Funding and Material Cash Requirements

We expect that our cash at September 30, 2023, along with access to the Facility Amount under the LSA, will enable us to fund our current and planned operating expenses and capital expenditures for at least the next 12 months from the filing of this report. We have based these estimates on assumptions that may prove to be imprecise, and we may exhaust our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with the development of our programs, we are unable to estimate the amounts of increased capital outlays and operating expenses associated with completing the research and development of our product candidates.

Until such time, if ever, as we can generate substantial product revenue from sales of any of our current or future product candidates, we expect to finance our cash needs through a combination of equity offerings, debt financings and potential collaboration, license or development agreements. Debt financing and preferred 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. We have no current agreements or understandings with investors to provide such capital.

Our present and future funding and cash requirements will depend on many factors, including, among other things:

- the progress, timing and completion of our ongoing and planned clinical trials and nonclinical studies;
- our ability to receive, and the timing of receipt of, future regulatory approvals for our product candidates and the costs related thereto;
- the scope, progress, results and costs of our ongoing and planned operations;
- the costs associated with expanding our operations and building our sales and marketing capabilities;
- our ability to establish strategic collaborations;
- the cost and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims;
- the revenue, if any, received from commercial sales of our products, if approved; and
- potential new product candidates we identify and attempt to develop.

Until such time, if ever, as we can generate substantial product revenue from sales of any of our current or future product candidates, we will need to seek additional equity or debt financing or potential collaboration, license or development agreements to provide the capital required to maintain or expand our operations, continue the development of our product candidate, build our sales and marketing capabilities, promote brand identity, develop or acquire complementary technologies, products or businesses, or provide for our working capital requirements and

other operating and general corporate purposes. If we raise additional capital by issuing equity securities and/or equity-linked securities, the percentage ownership of our existing stockholders may be reduced, and accordingly these stockholders may experience substantial dilution. We may also issue equity securities and/or equity-linked securities that provide rights, preferences and privileges senior to those of our common stock. The LSA includes, and future debt financing, if obtained, may involve agreements that include, liens on our assets and covenants limiting or restricting our ability to take specific actions such as incurring additional debt. Debt financing, including the LSA, could also be required to be repaid regardless of our operating results. If we raise funds through collaborations, license or development agreements, we may be required to relinquish some rights to our current or future products or revenue streams or grant licenses on terms that are not favorable to us. If such financing is not available on satisfactory terms, or is not available at all, we may be required to delay, scale back or eliminate the development of our current or future product candidates and other business.

### **Contractual Obligations and Commitments**

#### ***License Agreement with Vernalis Development Limited***

On May 26, 2020, we entered into the License Agreement with Vernalis. Pursuant to the License Agreement, Vernalis granted us an exclusive worldwide royalty-bearing license to develop and commercialize a compound that we refer to as ANEB-001, as well as access to and a right of reference with respect to any regulatory materials under its control. The License Agreement allows us to sublicense the rights thereunder to any person with similar or greater financial resources and expertise without Vernalis' prior consent, provided the proposed sublicensee is not developing or commercializing a product that contains a CB1 antagonist or is for the same indication covered by the trials or market authorization for ANEB-001. In exchange for the exclusive license, we agreed to pay Vernalis a non-refundable signature fee of approximately \$0.2 million, total potential developmental milestone payments of up to \$29.9 million, total potential sales milestone payments of up to \$35.0 million, and low to mid-single digit royalties on net sales. Subsequently, in May 2021 as part of the IPO, we issued 192,857 shares of common stock to Vernalis in lieu of future milestone payments of approximately \$1.4 million.

Under the License Agreement, we purchased the API for ANEB-001 from Vernalis on an "as is" basis for \$20,000. We have the sole discretion to carry out the development and commercialization of ANEB-001, including obtaining regulatory approvals, and we are responsible for all costs and expenses in connection therewith. We have access to certain regulatory materials, including study reports from clinical and non-clinical trials, under Vernalis' control. We agreed to use commercially reasonable efforts to (i) develop and commercialize ANEB-001 in the United States and certain European countries and (ii) conduct a Phase 2 and human clinical trial within specified periods, which periods could be extended for a nominal fee. We also agreed to provide Vernalis with periodic reports of our activities and notice of market authorization within specified timeframes.

#### **Office Lease, Manufacturing Contract and CRO Contract**

We manage our business operations from our principal executive office in Lakeway, Texas, in leased space under a sublease with a related party for approximately \$400 per month.

In June 2023, we entered into a manufacturing agreement with a third-party CMO. The total cost for the current manufacturing contract is approximately \$0.9 million, which is expected to be fully incurred by the end of the fourth calendar quarter of 2023.

In February 2021, we entered into an agreement with a third-party CRO to manage and conduct our Phase 2 clinical trial for ANEB-001 in the Netherlands, which was initiated in December 2021. The total cost for the CRO agreement is approximately €2.8 million, which is expected to be fully incurred by the end of the fourth calendar quarter of 2023.

We enter into contracts in the normal course of business with clinical trial sites and clinical supply manufacturers and other services and products for operating purposes. These contracts generally provide for termination after a notice period, and therefore, are cancellable contracts.

#### **Critical Accounting Policies and Significant Judgments and Estimates**

Our condensed financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of our condensed financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, costs and expenses, and the disclosure of contingent assets and liabilities in our condensed financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are disclosed in the audited financial statements as of and for the year ended June 30, 2023, and notes thereto, which are included in our Annual Report on Form 10-K that was filed with the SEC on September 22, 2023, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our condensed financial statements.

#### **Accrued Research and Development Expenses**

As part of the process of preparing our condensed financial statements, we are required to estimate our accrued research and development expenses. This process involves reviewing open contracts and purchase orders, communicating with our personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated costs incurred for the services when we have not yet been invoiced or otherwise notified of the actual costs. The majority of our service providers invoice us in arrears for services performed and some require advanced payments. We make estimates of our accrued expenses of each balance sheet date in our condensed financial statements based on facts and circumstances known to us at that time. Examples of estimated accrued research and development expenses include fees paid to:

- CROs in connection with performing research services on our behalf and any clinical trials;
- Investigative sites or other providers in connection with studies and any clinical trials;
- Vendors in connection with the preparation of our NDA filing, market and patient awareness programs, market research and analysis and medical education; and
- Vendors related to product manufacturing, development and distribution of clinical supplies.



We base our expenses for services rendered on our estimates of the services received and efforts expended pursuant to quotes, contracts and communicating with our vendors. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payments. There may be instances in which payments made to our vendors will exceed the level of services provided and result in a prepayment of the expense. In accruing service fees, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from our estimate, we adjust the accrual or amount of prepaid or accrued expenses accordingly. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in us reporting amounts that are too high or too low in any particular period.

#### **Stock-Based Compensation Expense**

Our 2020 Stock Incentive Plan provides for the grant of qualified incentive stock options and nonqualified stock options or other awards to our employees, officers, directors, advisors, and outside consultants for the purchase of up to 3,650,000 shares of our common stock. Other awards include restricted stock, restricted stock units, stock appreciation rights and other stock-based awards. Other stock-based awards are awards valued in whole or in part by reference to, or are otherwise based on, shares of common stock. Stock options generally vest over a four-year period, at achievement of a performance requirement, or upon change of control (as defined in the applicable plan). The awards expire in five to ten years from the date of grant.

The fair value of stock options we grant is estimated using the Black Scholes option pricing model. This option pricing model based on certain subjective assumptions, including (i) the expected stock price volatility, (ii) the expected term of the award, (iii) the risk-free rate of interest, and (iv) expected dividends. The fair value of our common stock utilized in the model is determined based on the quoted closing market price of our common stock as reported by Nasdaq on the date of grant.

There were no significant changes to assumptions used to value options using the Black Scholes option pricing model during the fiscal quarter ended September 30, 2023, with the exception of the stock and exercise prices.

#### **JOBS Act Accounting Election**

The Jumpstart Our Business Startups ("JOBS") Act, enacted in April 2012, permits an "emerging growth company" such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until those standards would otherwise apply to private companies. We have and intend to continue to take advantage of all of the reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards, for an emerging growth company under Section 107 of the JOBS Act. Our election to use the phase-in periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the phase-in periods under Section 107 of the JOBS Act. See "Risk Factors—General Risk Factors—We are an "emerging growth company" and our election to delay adoption of new or revised accounting standards applicable to public companies may result in our financial statements not being comparable to those of some other public companies. As a result of this and other reduced disclosure requirements applicable to emerging growth companies, our securities may be less attractive to investors

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide disclosure for this item.

### ITEM 4. CONTROLS AND PROCEDURES

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

As of September 30, 2023, management, with the participation of our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act 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 the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2023, the design and operation of our disclosure controls and procedures were effective at a reasonable assurance level.

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

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be a party to litigation or subject to claims incident to the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors. We are not currently a party to any material legal proceedings, and our management believes that there are currently no claims or actions pending against us, the ultimate disposition of which could have a material adverse effect on our results of operations or financial condition.

### ITEM 1A. RISK FACTORS

*You should carefully consider the following risk factors, as well as the other information in this Quarterly Report, before deciding whether to purchase, hold or sell shares of our common stock. The occurrence of any of the following risks could harm our business, financial condition, results of operations and/or growth prospects or cause our actual results to differ materially from those contained in forward-looking statements we have made in this Quarterly Report and those we may make from time to time. When evaluating our business, you should consider all of the factors described as well as the other information in our Annual Report, including our financial statements and the related notes, "Management's Discussion and Analysis of Financial Condition and Results of Operation" and Item 1A, "Risk Factors." We have marked with an asterisk (\*) those risk factors that did not appear as risk factors in, or contain changes to the similarly titled risk factors included in, Item 1A of our Annual Report. If any of the following risks actually occurs, our business, financial condition, results of operations and future growth prospects would likely be materially and adversely affected. In these circumstances, the market price of our common stock would likely decline and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.*

### Risks Related to our Business, Financial Condition and Capital Requirements

**We have not generated any revenue since our inception and expect to incur future losses and may never become profitable.\***

We have not generated any revenue. As of September, 30, 2023, we had an accumulated deficit of approximately \$59.7 million, which includes a fair value adjustment of approximately \$26.6 million for warrants converted into Series A preferred stock on a cashless basis in connection with our IPO. The likelihood of our future success must be considered in light of the expenses, difficulties, complications and delays often encountered by companies in clinical development, including in connection with ongoing and future clinical trials and the emergence of competing products or therapies. These potential challenges include unanticipated clinical trial delays, poor data, changes in the regulatory and competitive landscape and additional costs and expenses that may exceed current budget estimates. In order to complete certain clinical trials and otherwise operate pursuant to our current business strategy, we anticipate that we will incur increased operating expenses. In addition, we expect to incur significant losses and experience negative cash flow in the future as we fund our operating losses and capital expenditures. We recognize that if we are unable to generate sufficient revenues or source funding, we will not be able to continue operations as currently contemplated, complete planned clinical trials and/or achieve profitability. Our failure to achieve or maintain profitability will also negatively impact the value of our shares. If we are unsuccessful in addressing these risks, then we may need to curtail our business activities.

The future success of our business cannot be determined at this time, and we do not anticipate generating revenue from product sales in the near term. In addition, we have no experience in obtaining regulatory approval for and commercializing drug products on our own and face a number of challenges with respect to development and commercialization efforts, including, among other challenges:

- having inadequate financial or other resources to complete the development of our product candidate;
- the inability to manufacture our product in commercial quantities, at an adequate quality, at an acceptable cost or in collaboration with third parties;
- experiencing delays or unplanned expenditures in product development, clinical testing or manufacturing;
- the inability to establish adequate sales, marketing and distribution channels;
- healthcare professionals may not adopt and patients may not accept our drug, if approved for marketing;
- we may not be aware of possible complications or other side effects from the use of our product since we have limited clinical experience with respect to the actual effects from use of our product;
- technological breakthroughs in reversing ACIs and treating patients experiencing intoxication symptoms may reduce the demand for our product, if it develops;
- changes in the market for reversing ACIs and treating patients experiencing intoxication symptoms, new alliances between existing market participants and the entrance of new market participants may interfere with our market penetration efforts;
- third-party payors may not agree to reimburse patients for any or all of the purchase price of our product, which may adversely affect patients' willingness to use our product;
- uncertainty as to market demand may result in inefficient pricing of our product;
- we may face third-party claims of intellectual property infringement;
- we may fail to obtain or maintain regulatory approvals for our product in our markets or may face adverse regulatory or legal actions relating to our product even if regulatory approval is obtained; and
- we are dependent upon the results of clinical studies relating to our product and the products of our competitors. If data from a clinical trial is unfavorable, we would be reluctant to advance the product for the indication for which it was being developed.

If we are unable to meet any one or more of these challenges successfully, our ability to effectively obtain regulatory approval for and commercialize our products could be limited, which in turn could have a material adverse effect on our business, financial condition and results of operations.

**We currently rely on a license from a third party, and in the future may rely on additional licenses from other third parties, in relation to our development of ANEB-001, and if we fail to comply with our obligations under our current or future intellectual property license agreements or otherwise experience disruptions to our business relationships with our current or any future licensors, we could lose intellectual property rights that are important to our business.**

We are, and expect to continue to be, reliant upon third-party licensors for certain patent and other intellectual property rights that are important or necessary to the development of our product candidates, including ANEB-001. On May 26, 2020, we entered into the License Agreement with Vernalis, pursuant to which Vernalis granted us an exclusive license to develop and commercialize our ANEB-001 product candidate. Under the License Agreement, we have the sole discretion to carry out the development and commercialization of ANEB-001, including obtaining regulatory approvals. We retain the sole right over certain patent rights (including patent applications) and know-how controlled by us that are necessary or reasonably useful to developing and commercializing the licensed product during the term of the License Agreement. The License Agreement imposes, and we expect that any future license agreement will impose, specified diligence, milestone payment, royalty, commercialization, development and other obligations on us and require us to meet development timelines, or to exercise diligent or commercially reasonable efforts to develop and commercialize licensed products, in order to maintain the license.

Furthermore, our licensors have, or may have in the future, the right to terminate a license if we materially breach the agreement and fail to cure such breach within a specified period or in the event we undergo certain bankruptcy events. In spite of our best efforts, our current or any future licensors might conclude that we have materially breached our license agreements and might therefore terminate the license agreements. If our license agreements are terminated, we may lose our rights to develop and commercialize product candidates and technology, lose patent protection, experience significant delays in the development and commercialization of our product candidates and technology, and incur liability for damages. If these in-licenses are terminated, or if the underlying intellectual property fails to provide the intended exclusivity, our competitors or other third parties could have the freedom to seek regulatory approval of, and to market, products and technologies identical or competitive to ours and we may be required to cease our development and commercialization of certain of our product candidates and technology. In addition, we may seek to obtain additional licenses from our licensors and, in connection with obtaining such licenses, we may agree to amend our existing licenses in a manner that may be more favorable to the licensors, including by agreeing to terms that could enable third parties, including our competitors, to receive licenses to a portion of the intellectual property that is subject to our existing licenses and to compete with any product candidates we may develop and our technology. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

Our License Agreement with Vernalis continues for an indefinite term and terminates, among other ways, under the following circumstances: (i) on its terms when royalties and other sums cease to be payable thereunder; (ii) by us at any time by providing 60 days' prior notice; or (iii) upon an event of default, such as a material breach or insolvency of the other party. Upon termination, all rights and licenses granted by Vernalis will revert immediately to Vernalis; all outstanding sums as of the termination date will be immediately due and payable to Vernalis; and we will return or destroy, at Vernalis's request, any regulatory or other materials provided by Vernalis pursuant to the License Agreement.

Disputes may also arise between us and Vernalis or future licensors regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- our financial or other obligations under the license agreement;
- whether, and the extent to which, our products, technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;

- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensor(s); and
- the priority of invention of patented technology.

20

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If we do not prevail in such disputes, we may lose any or all of our rights under such license agreements, experience significant delays in the development and commercialization of our products and technologies, or incur liability for damages, any of which could have a material adverse effect on our business, financial condition, results of operations, and prospects. In addition, we may seek to obtain additional licenses from our licensor(s) and, in connection with obtaining such licenses, we may agree to amend our existing licenses in a manner that may be more favorable to the licensor(s), including by agreeing to terms that could enable third parties, including our competitors, to receive licenses to a portion of the intellectual property that is subject to our existing licenses and to compete with our products.

In addition, the agreements under which we currently and in the future license intellectual property or technology from third parties are complex and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations and prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize any affected products or services, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Absent the license agreements, we may infringe patents subject to those agreements, and if the license agreements are terminated, we may be subject to litigation by the licensor. Litigation could result in substantial costs to us and distract our management. If we do not prevail, we may be required to pay damages, including treble damages, attorneys' fees, costs and expenses and royalties or be enjoined from selling ANEB-001, which could adversely affect our ability to offer products or services, our ability to continue operations and our business, financial condition, results of operations and prospects.

***We currently have no product revenue and will need to raise additional capital in the future, which may be unavailable to us or may cause dilution or place significant restrictions on our ability to operate.\****

We may be unable to generate sufficient revenue or cash flow to fund our operations. We expect that our cash at September 30, 2023, along with access to the Facility Amount under the LSA, will enable us to fund our current and planned operating expenses and capital expenditures into the fourth quarter of calendar year 2024. We have based these estimates on assumptions that may prove to be incorrect, and we may exhaust our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with the development of our programs, we are unable to estimate the amounts of increased capital outlays and operating expenses associated with completing the research and development of our product candidate. Until such time, if ever, as we can generate substantial product revenue from sales of any of our current or future product candidates, we will need to seek additional equity or debt financing or potential collaboration, license or development agreements to provide the capital required to maintain or expand our operations, continue the development of our product candidate, build our sales and marketing capabilities, promote brand identity, develop or acquire complementary technologies, products or businesses, or provide for our working capital requirements and other operating and general corporate purposes.

Other than the LSA, we do not have any arrangements or credit facilities as a source of funds, and we make no assurance that we will be able to raise sufficient additional capital in the future if needed on acceptable terms, or at all. If such financing is not available on satisfactory terms, or is not available at all, we may be required to delay, scale back or eliminate the development of our current or future product candidates and other business, seek collaborations, or amend existing collaborations, for research and development programs at an earlier stage than otherwise would be desirable or for the development of programs that we otherwise would have sought to develop independently, or on terms that are less favorable than might otherwise be available, dispose of technology assets, or relinquish or license on unfavorable terms, our rights to technologies or any future product candidates that we otherwise would seek to develop or commercialize ourselves, pursue the sale of our company to a third party at a price that may result in a loss on investment for our stockholders, file for bankruptcy or cease operations altogether. This may materially adversely

affect our operations and financial condition as well as our ability to achieve business objectives and maintain competitiveness.

If we raise additional capital by issuing equity securities and/or equity-linked securities, the percentage ownership of our existing stockholders may be reduced, and accordingly these stockholders may experience substantial dilution. We may also issue equity securities and/or equity-linked securities that provide for rights, preferences and privileges senior to those of our common stock. Given our need for cash and that equity and equity-linked issuances are very common types of fundraising for companies like us, the risk of dilution is particularly significant for our stockholders.

The LSA includes, and future debt financing, if obtained, may involve agreements that include, liens on our assets and covenants limiting or restricting our ability to take specific actions such as incurring additional debt. Debt financing, including the LSA, could also be required to be repaid regardless of our operating results.

If we raise additional funds through collaborations and licensing arrangements, we may be required to relinquish some rights to our current or future products or revenue streams or to grant licenses on terms that are not favorable to us.

Any additional capital raising efforts may divert the attention of our management from day-to-day activities, which may adversely affect our ability to develop and commercialize our product candidates.

***We have entered into the LSA with 22NW and JFL for a debt facility. The debt facility may be secured by substantially all of our assets. Additionally, a default thereunder would have material adverse consequences on our financial condition, operating results, and business.\****

We entered into the LSA for a debt facility in November 2023 with 22NW and JFL. Upon the draw of at least \$3 million in the aggregate, the debt facility will be secured by substantially all of our assets. The LSA includes customary events of default for a first priority senior secured debt facility. In the event of default under the LSA, the Lenders under the LSA would have the rights that a secured creditor with a first priority lien on a company's assets would have, including but not limited to, the right to collect, enforce or satisfy any secured obligations then owing, including by foreclosing on the collateral securing our obligations under the LSA (which generally comprise substantially all of our assets) and the Lenders would have no obligation to fund any future borrowings under the LSA. A default under the LSA would have material adverse consequences to our financial condition, operating results, and business, and could cause us to become insolvent or enter bankruptcy proceedings, and our stockholders may lose all or a portion of their investment because of the priority of the claims of the Lenders, in their capacity as secured creditors, on our assets. Additionally, during the term of the LSA, the Company cannot incur any debt that is senior or pari passu with the LSA.

As consideration for the LSA, the Company has agreed to issue 300,000 shares to 22NW and up to an additional 300,000 shares based on the amount of the Facility Amount drawn on by the Company. Our stockholders have incurred and may incur dilution as a result of the LSA and the stock issuances contemplated thereby.

***We have limited operating history as a publicly traded company, and our inexperience could materially and adversely affect us and our stockholders.***

We became a public company in May 2021 and, therefore, we have limited operating history as a publicly traded company. Our board of directors and management team have overall responsibility for our management. As a publicly traded company, we are required to develop and implement substantial control systems, policies and procedures in order to satisfy our periodic SEC reporting and Nasdaq obligations. We cannot assure you that management's past experience will be sufficient to successfully develop and implement these systems, policies and procedures and to operate our company. Failure to do so could jeopardize our status as a public company, and the loss of such status may materially and adversely affect us and our stockholders.

***Our current and future operations substantially depend on our Founder and Chief Executive Officer and our ability to hire other key personnel, the loss of any of whom could disrupt our business operations.\****

Our business depends and will continue to depend in substantial part on the continued service of Joseph F. Lawler, M.D., Ph.D., our founder and a director, and Richard Anthony Cunningham, our Chief Executive Officer and a director. The loss of the services of Dr. Lawler or Mr. Cunningham would significantly impede implementation and execution of our business strategy and may result in the failure to reach our goals. Further, the loss of either Dr. Lawler or Mr. Cunningham would be negatively perceived in the capital markets. We do not have "key-man" life insurance for our benefit on the lives of either Dr. Lawler or Mr. Cunningham.

Our future viability and ability to achieve sales and profits will also depend on our ability to attract, train, retain and motivate highly qualified personnel in the diverse areas required for continuing operations. There is a risk that we will be unable to attract, train, retain or motivate qualified personnel, both near term or in the future, and the failure to do so may severely damage our prospects.

***Adverse developments affecting the financial services industry could adversely affect our current and projected business operations and our financial condition and results of operations.***

Adverse developments that affect financial institutions, such as events involving liquidity that are rumored or actual, have in the past and may in the future lead to bank failures and market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and

Innovation, which appointed the Federal Deposit Insurance Corporation ("FDIC") as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. In addition, on May 1, 2023, the FDIC seized First Republic Bank and sold its assets to JPMorgan Chase & Co. While the U.S. Department of Treasury, FDIC and Federal Reserve Board have implemented a program to provide up to \$25 billion of loans to financial institutions secured by certain of such government securities held by financial institutions to mitigate the risk of potential losses on the sale of such instruments, widespread demands for customer withdrawals or other liquidity needs of financial institutions for immediate liquidity may exceed the capacity of such program, there is no guarantee that such programs will be sufficient. Additionally, it is uncertain whether the U.S. Department of Treasury, FDIC and Federal Reserve Board will provide access to uninsured funds in the future in the event of the closure of other banks or financial institutions, or that they would do so in a timely fashion.

While we have not experienced any adverse impact to our liquidity or to our current and projected business operations, financial condition or results of operations as a result of the matters relating to SVB, Signature Bank, Silvergate Capital Corp and First Republic Bank, uncertainty remains over liquidity concerns in the broader financial services industry, and our business, our business partners or industry as a whole may be adversely impacted in ways that we cannot predict at this time.

Although we assess our banking relationships as we believe necessary or appropriate, our access to cash in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect the financial institutions with which we have banking relationships. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could also include factors involving financial markets or the financial services industry generally. The results of events or concerns that involve one or more of these factors could include a variety of material and adverse impacts on our current and projected business operations and our financial condition and results of operations. These could include, but may not be limited to, delayed access to deposits or other financial assets or the uninsured loss of deposits or other financial assets; or termination of cash management arrangements and/or delays in accessing or actual loss of funds subject to cash management arrangements.

In addition, widespread investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, result in breaches of our financial and/or contractual obligations or result in violations of federal or state wage and hour laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our current and/or projected business operations and financial condition and results of operations.

## Risks Related to Our Intellectual Property

*If we are unable to obtain and maintain patent protection for important aspects of ANEB-001, or if the scope of the patent protection obtained is not sufficiently broad, our competitors could develop and commercialize products that are similar or identical to ours, and our ability to successfully commercialize our current or future product candidates may be adversely affected.*

Our commercial success will depend, in part, on our ability to obtain and maintain patent protection in the United States and other countries with respect to ANEB-001, our product candidate. On October 12, 2021, the United States Patent and Trademark Office issued to us U.S. Patent No. 11,141,404, titled "Formulations and Methods for Treating Acute Cannabinoid Overdose." The issued patent describes the use of our investigational drug ANEB-001 to treat ACI, and is expected to provide patent protection through 2040. We seek to protect our proprietary position by filing patent applications in the United States and abroad related to aspects of our product candidate that are important to our business and maintaining and protecting our existing patents. Given that the development of our product candidates is at an early stage, our intellectual property portfolio with respect to certain aspects of our product candidates is also at an early stage. For example, we have filed or intend to file additional patent applications related to aspects of ANEB-001, our product candidate; however, there can be no assurance that any such patent applications will issue as granted patents around the world. The requirements for patentability differ in certain countries, and certain countries have heightened requirements for patentability. Further, in some cases, we have only filed provisional patent applications on certain aspects of our technology and product candidate, and provisional patent applications are not eligible to become an issued patent until, among other things, we file a non-provisional patent application within 12 months of the filing date of the applicable provisional patent application. Any failure to file a non-provisional patent application within this timeline could cause us to lose the ability to obtain patent protection for the inventions disclosed in the associated provisional patent applications.

Further, any changes we make to our product candidates to cause them to have what we view as more advantageous properties may not be covered by our existing patent applications, and we may be required to file new applications and/or seek other forms of protection for any such altered product candidates. There can be no assurance that we would be able to secure patent protection that would adequately cover any such altered product candidates. There can also be no assurance that any such patent applications will be issued as granted patents, and even if they do issue, such patent claims may be insufficient to prevent third parties, such as our competitors, from utilizing our technology. Any failure to obtain or maintain patent protection related to aspects of our product candidates could have a material adverse effect on our business, financial condition, results of operations, and prospects.

Even if we obtain additional issued or granted patents with respect to our product candidates, we cannot be certain that such patents or any of our existing patents will not later be found to be invalid and/or unenforceable.

The patent prosecution process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Although we may enter into non-disclosure and confidentiality agreements with parties who have access to patentable aspects of our research and development output, such as our employees, distribution partners, consultants, advisors and other third parties, any of these parties may breach the agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to seek patent protection.

The patent position of pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our current and future patent rights are highly uncertain. Our pending and future patent applications may not result in patents being issued, and even if issued, the patents may not meaningfully protect our current or future product candidates, effectively prevent competitors and third parties from commercializing competitive products or otherwise provide us with any competitive advantage. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative products in a non-infringing manner.

Moreover, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Patent applications we own currently or that in the future issue as patents may not be issued in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. Any patents to which we have rights may be challenged, narrowed, circumvented, or invalidated by third parties. Consequently, we do not know whether our product candidates will be protectable or remain protected by valid and enforceable patents.

The issuance of a patent is not conclusive as to its inventorship, scope, validity, or enforceability, and our patents may be challenged in the courts or patent offices in the United States and abroad. We may be subject to a third-party pre-issuance submission of prior art to the United States Patent and Trademark Office (the "USPTO") or post-issuance become involved in opposition, derivation, revocation, reexamination, post-grant and inter partes review, or interference proceedings or other similar proceedings challenging our patent rights. An adverse determination in any such submission, proceeding, or litigation could reduce the scope of, or invalidate or render unenforceable, such patent rights, allow third parties to commercialize our product candidates or other technologies and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights. Moreover, we may have to participate in interference proceedings declared by the USPTO to determine priority of invention or in post-grant challenge proceedings, such as post-grant review at the USPTO or oppositions in a foreign patent office, that challenge our priority of invention or other features of patentability with respect to our patents and patent applications. Such challenges may result in loss of patent rights, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our product candidates and other technologies. Such proceedings also may result in substantial cost and require significant time from our scientists and management, even if the eventual outcome is favorable to us.

If we are unsuccessful in any such proceeding or other priority or inventorship dispute, we may be required to obtain licenses from third parties, including parties involved in any such interference proceedings or other priority or inventorship disputes. Such licenses may not be available on commercially reasonable terms or at all, or may be non-exclusive. If we are unable to obtain and maintain such licenses, we may need to cease the development, manufacture, and commercialization of one or more of the product candidates we may develop. Termination of these licenses or reduction or elimination of our rights under these licenses may result in our having to negotiate new or reinstated agreements with less favorable terms, or cause us to lose our rights under these licenses, including our rights to important intellectual property or technology. The loss of exclusivity or the narrowing of our owned and licensed patent claims could limit our ability to stop others from using or commercializing similar or identical technology and products.

In addition, given the amount of time required for the development, testing, and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our intellectual property may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

Some of our patents and patent applications may in the future be co-owned with third parties. In addition, future collaborators or licensors may co-own their patents and patent applications with other third parties with whom we do not have a direct relationship. Our rights to certain of these patents and patent applications may be dependent, in part, on inter-institutional or other operating agreements between the joint owners of such patents and patent applications, who are not parties to our license agreements. If our future collaborators or licensors do not have exclusive control of the grant of licenses under any such third-party co-owners' interest in such patents or patent applications or we are otherwise unable to secure such exclusive rights, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology to the extent such products and technology are not also covered by our intellectual property. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us.

We cannot be certain that our current and future patent rights will be effective in protecting ANEB-001 and related technologies. Failure to protect such assets may have a material adverse effect on our business, operations, financial condition and prospects.

If we do not obtain patent term extension and data exclusivity for any product candidates we may develop, our business may be materially harmed.

Depending upon the timing, duration, and specifics of any FDA marketing approval of ANEB-001 and related technologies we may develop, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984 (the "Hatch-Waxman Act"). The Hatch-Waxman Act permits a patent term extension of up to five years as compensation for patent term lost during the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. Similar extensions as compensation for patent term lost during regulatory review processes are also available in certain foreign countries and territories, such as in Europe under a Supplementary Patent Certificate. However, we may not be granted an extension in the United States and/or foreign countries and territories because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is shorter than what we request, our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations, and growth prospects could be materially harmed.

**We may not be able to protect our intellectual property rights throughout the world, which could negatively impact our business.**

Filing, prosecuting and defending patent rights on important aspects of ANEB-001 in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Further, licensing partners may not prosecute patents in certain jurisdictions in which we may obtain commercial rights, thereby precluding the possibility of later obtaining patent protection in these countries. Consequently, we may not be able to prevent third parties from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may develop their own products and may also export infringing products to territories where we may have patent protection, but enforcement is not as strong as that in the United States. These products may compete with ANEB-001, and our patent or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our patent rights or marketing of competing products in violation of our proprietary rights generally. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Furthermore, while we intend to protect our intellectual property rights in our expected significant markets, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our current or future product candidates. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have an adverse effect on our ability to successfully commercialize our current or future product candidates in all of our expected significant foreign markets.

Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our future collaborators or licensors is forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations, and prospects may be adversely affected. Changes in patent law in the United States and other jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our products.

Changes in either the patent laws or interpretation of the patent laws in the United States or other jurisdictions could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. Assuming that other requirements for patentability are met, prior to March 16, 2013, in the United States, the first to invent the claimed invention was entitled to the patent, while outside the United States, the first to file a patent application was entitled to the patent. On or after March 16, 2013, under the Leahy-Smith America Invents Act (the America Invents Act) enacted on September 16, 2011, the United States transitioned to a first inventor to file system in which, assuming that other requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third-party was the first to invent the claimed invention. A third-party that files a patent application in the USPTO on or after March 16, 2013, but before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by such third-party. This will require us to be cognizant going forward of the time from invention to filing of a patent application. Since patent applications in the United States and most other countries are confidential for a period of time after filing or until issuance, we cannot be certain that we were the first to either (i) file any patent application related to ANEB-001 or (ii) invent any of the inventions claimed in our patents or patent applications.

The America Invents Act also includes a number of significant changes that affect the way patent applications will be prosecuted and also may affect patent litigation. These include allowing third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO administered post-grant proceedings, including post-grant review, inter partes review, and derivation proceedings. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal courts necessary to invalidate a patent claim, a third-party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third-party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third-party as a defendant in a district court action. Therefore, the America Invents Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

In addition, the patent positions of companies in the development and commercialization of biopharmaceuticals are particularly uncertain. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. This combination of events has created uncertainty with respect to the validity and enforceability of patents, once obtained. Depending on future actions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our existing patent portfolio and our ability to protect and enforce our intellectual property in the future.

***The expiration or loss of patent protection may adversely affect our future revenues and operating earnings.***

Patent protection is important in the development and eventual commercialization of our product candidate. Patents covering our product candidate normally provide market exclusivity, which is important in order for our product candidate to become profitable. We obtained one patent in October 2021, which is expected to provide patent protection through 2040. Even if we are successful in obtaining further patents, patents have a limited lifespan. In the United States, the natural expiration of a utility patent is generally 20 years after it is filed. Various extensions may be available; however, the life of a patent, and the protection it affords, is limited. Without patent protection, we may be open to competition from generic versions of such compositions, methods and devices. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar to ours.

**Risks Related to Product Development, Regulatory Approval, Manufacturing and Commercialization**

***Delays in the completion of, or the termination of, a clinical trial for ANEB-001, our lead drug candidate, could adversely affect our business.***

Clinical trials are very expensive, time-consuming, unpredictable and difficult to design and implement. The results of clinical trials may be unfavorable, they may continue for several years, and they may take significantly longer to complete and involve significantly more costs than expected. Delays in the commencement or completion of clinical testing could significantly affect product development costs and plans with respect to our drug candidate. The commencement and completion of clinical trials can be delayed and experience difficulties for a number of reasons, including delays and difficulties caused by circumstances over which we may have no control. For instance, approvals of the scope, design or trial site may not be obtained from the FDA and other required bodies in a timely manner or at all, agreements with acceptable terms may not be reached in a timely manner or at all with CROs to conduct the trials, a sufficient number of subjects may not be recruited and enrolled in the trials, and third-party manufacturers of the materials for use in the trials may encounter delays and problems in the manufacturing process, including failure to produce materials in sufficient quantities or of an acceptable quality to complete the trials. Clinical trial delays could shorten any periods during which our products have patent protection and may allow our competitors to bring products to market before we do, which could impair our ability to successfully commercialize our product candidates and may harm our business and results of operations.

***We are relying on clinical trials performed by our licensor Vernalis, a third party, for a different indication, and the FDA or a foreign equivalent regulator may disagree with our ability to reference clinical data from third-party trials.***

As part of the preclinical characterization of ANEB-001, Vernalis demonstrated that oral administration of ANEB-001 reduced hypolocomotion in mice after 30 minutes, effectively reversing the actions of THC. In 2006 and 2007, two Phase 1 studies for the treatment of obesity were conducted by Vernalis for ANEB-001. The Vernalis clinical trials were not conducted or overseen by us. Nonetheless, we are relying on these studies performed by a third party for a different indication. The FDA or a foreign equivalent regulator may disagree with our ability to reference the clinical data generated by the third-party trials. Should this occur, we are likely to experience delays in our ability to receive regulatory approval and commercialize our product candidate.

**If we are not able to obtain any required regulatory approvals for ANEB-001, we will not be able to commercialize our lead drug candidate and our ability to generate revenue will be limited.**

Our drug candidate is a treatment in development for ACI. We must successfully complete clinical trials for our drug candidate before we can apply for marketing approval. Even if we complete our clinical trials, it does not assure marketing approval. Our clinical trials may be unsuccessful, which would materially harm our business. Even if our initial clinical trials are successful, we are required to conduct additional clinical trials to establish our drug candidate's safety and efficacy, before an NDA, or its foreign equivalents can be filed with the FDA or comparable foreign regulatory authorities for marketing approval of our drug candidate.

Success in early phases of preclinical and clinical trials does not ensure that later clinical trials will be successful, and interim results of a clinical trial do not necessarily predict final results. A failure of one or more of our clinical trials can occur at any stage of testing. We may experience unforeseen events during, or as a result of, the clinical trial process that could delay or prevent our ability to receive regulatory approval or commercialize our drug candidate. The research, testing, manufacturing, labeling, packaging, storage, approval, sale, marketing, advertising and promotion, pricing, export, import and distribution of drug products are subject to extensive regulation by the FDA and other regulatory authorities in the United States and other countries, which regulations differ from country to country. We are not permitted to market our drug in the United States until we receive approval of an NDA from the FDA, or in any foreign countries until we receive the requisite approval from such countries. In the United States, the FDA generally requires the completion of clinical trials of each drug to establish its safety and efficacy and extensive pharmaceutical development to ensure its quality before an NDA is approved. Regulatory authorities in other jurisdictions impose similar requirements. Of the large number of drugs in development, only a small percentage result in the submission of an NDA to the FDA and even fewer are eventually approved for commercialization. If our development efforts for our drug candidate, including regulatory approval, are not successful for its planned indications, or if adequate demand for our drug candidate is not generated, our business will be materially adversely affected.

Our success depends on the receipt of regulatory approval and the issuance of such regulatory approvals is uncertain and subject to a number of risks, including the following:

- the results of toxicology studies may not support the filing of an IND for our drug candidate or the FDA may require additional toxicology studies;
- the FDA or comparable foreign regulatory authorities or IRB may disagree with the design or implementation of our clinical trials;
- it may be difficult to run clinical trials involving the administration of THC to subjects because THC is a controlled substance and is illegal in certain jurisdictions;
- we may not be able to provide acceptable evidence of our drug candidate's safety and efficacy;
- the results of our clinical trials may not be satisfactory or may not meet the level of statistical or clinical significance required by the FDA or other regulatory agencies for marketing approval;
- the dosing of our drug candidate in a particular clinical trial may not be at an optimal level;
- patients in our clinical trials may suffer adverse effects for reasons that may or may not be related to our drug candidate;
- the data collected from clinical trials may not be sufficient to support the submission of an NDA or other submission or to obtain regulatory approval in the United States or elsewhere;
- the FDA or comparable foreign regulatory authorities may fail to approve the manufacturing processes or facilities of third-party manufacturers with which we contract for clinical and commercial supplies; and
- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.

Failure to obtain regulatory approval for our drug candidate for the foregoing, or any other reasons, will prevent us from commercializing our drug candidate, and our ability to generate revenue will be materially impaired. We cannot guarantee that regulators will agree with our assessment of the results of our ongoing and future clinical trials or that such trials will be successful. The FDA and other regulators have substantial discretion in the approval process and may refuse to accept any application or may decide that our data is insufficient for approval and require additional clinical trials, or preclinical or other studies. In addition, varying interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent regulatory approval of our drug candidate.

We have not submitted an NDA or received regulatory approval to market our drug candidate in any jurisdiction. We have no experience in filing the applications necessary to gain regulatory approvals and expect to rely on consultants and third party CROs, with expertise in this area to assist us in this process. Securing regulatory approvals to market a product requires the submission of preclinical, clinical, and/or pharmacokinetic data, information about product manufacturing processes and inspection of facilities and supporting information to the appropriate regulatory authorities for each therapeutic indication to establish a drug candidate's safety and efficacy for each indication. Our drug candidate may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude us from obtaining regulatory approval or prevent or limit commercial use with respect to one or all intended indications.

The process of obtaining regulatory approvals is expensive, often takes many years, if approval is obtained at all, and can vary substantially based upon, among other things, the type, complexity and novelty of the drug candidate involved, the jurisdiction in which regulatory approval is sought and the substantial discretion of the regulatory authorities. Changes in regulatory approval policies during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for a submitted product application may cause delays in the approval or rejection of an application.

***Even if we receive regulatory approval for ANEB-001, our lead drug candidate, we may not be able to successfully commercialize the product and the revenue that we generate from its sales, if any, may be limited.***

If approved for marketing, the commercial success of ANEB-001 will depend upon the product's acceptance by the medical community, including physicians, patients and healthcare payors. The degree of market acceptance for our drug candidate will depend on a number of factors, including:

- demonstration of clinical safety and efficacy;
- relative convenience, dosing burden and ease of administration;
- the prevalence and severity of any adverse effects;
- the willingness of physicians to prescribe our drug candidate, and the target patient population to try new therapies;
- efficacy of our drug candidate compared to competing products;
- the introduction of any new products that may in the future become available targeting indications for which our drug candidate may be approved;
- new procedures or therapies that may reduce the incidences of any of the indications in which our drug candidate may show utility;

- pricing and cost-effectiveness;
- the inclusion or omission of our drug candidate in applicable therapeutic and vaccine guidelines;
- the effectiveness of our own or any future collaborators' sales and marketing strategies;
- limitations or warnings contained in approved labeling from regulatory authorities;
- our ability to obtain and maintain sufficient third-party coverage or reimbursement from government healthcare programs, including Medicare and Medicaid, private health insurers and other third-party payors or to receive the necessary pricing approvals from government bodies regulating the pricing and usage of therapeutics; and
- the willingness of patients to pay out-of-pocket in the absence of third-party coverage or reimbursement or government pricing approvals.

If our drug candidate is approved, but does not achieve an adequate level of acceptance by physicians, healthcare payors and patients, we may not generate sufficient revenue and we may not be able to achieve or sustain profitability. Our efforts to educate the medical community and third-party payors on the benefits of our drug candidates may require significant resources and may never be successful.

In addition, even if we obtain regulatory approvals, the timing or scope of any approvals may prohibit or reduce our ability to commercialize our drug candidate successfully. For example, if the approval process takes too long, we may miss market opportunities and give other companies the ability to develop competing products or establish market dominance. Any regulatory approval we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render our drug candidate not commercially viable. For example, regulatory authorities may approve our drug candidate for fewer or more limited indications than we request, may not approve the price we intend to charge for our drug candidate, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve our drug candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that indication. Further, the FDA or comparable foreign regulatory authorities may place conditions on approvals or require risk management plans or a Risk Evaluation and Mitigation Strategy ("REMS") to assure the safe use of the drug. If the FDA concludes a REMS is needed, the sponsor of the NDA must submit a proposed REMS; the FDA will not approve the NDA without an approved REMS, if required. A REMS could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. The FDA may also require a REMS for an approved product when new safety information emerges. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of our drug candidate. Moreover, product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following the initial marketing of the product. Any of the foregoing scenarios could materially harm the commercial success of our drug candidate.

***Interim, topline and preliminary data from our preclinical studies or clinical trials may change as more data become available, and are subject to audit and verification procedures that could result in material changes in the final data.***

From time to time, we may publicly disclose preliminary, interim or topline data from our preclinical studies or clinical trials, which may be subject to change following a more comprehensive review of the data related to the particular study or trial. We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the interim, topline or preliminary results that we report may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Topline data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, interim, topline and preliminary data should be viewed with caution until the final data are available. Adverse differences between preliminary, interim or topline data and final data could significantly harm our business prospects.



Further, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the approvability or commercialization of the particular drug candidate and our company in general. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is based on what is typically extensive information, and you or others may not agree with what we determine to be material or otherwise appropriate information to include in our disclosure, and any information we determine not to disclose may ultimately be deemed significant with respect to future decisions, conclusions, views, activities or otherwise regarding a particular drug candidate or our business. If the interim, topline, or preliminary data that we report differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for and commercialize our drug candidates, our business, operating results, prospects or financial condition may be harmed.

***Even if we obtain marketing approval for ANEB-001, we will be subject to ongoing obligations and continued regulatory review, which may result in significant additional expense. Additionally, ANEB-001 could be subject to labeling and other restrictions and withdrawal from the market and we may be subject to penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with ANEB-001.***

Even if we obtain regulatory approval for ANEB-001 for an indication, the FDA or foreign equivalent may still impose significant restrictions on their indicated uses or marketing or the conditions of approval, or impose ongoing requirements for potentially costly and time-consuming post-approval studies and post-market surveillance to monitor safety and efficacy. Our drug candidate will also be subject to ongoing regulatory requirements governing the manufacturing, labeling, packaging, storage, distribution, safety surveillance, advertising, promotion, recordkeeping and reporting of adverse events and other post-market information. These requirements include registration with the FDA, as well as continued compliance with current GCP regulations, for any clinical trials that we conduct post-approval. In addition, manufacturers of drug products and their facilities are subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with CGMP requirements relating to quality control, quality assurance and corresponding maintenance of records and documents.

The FDA has the authority to require a REMS as part of an NDA or after approval, which may impose further requirements or restrictions on the distribution or use of an approved drug, such as limiting prescribing to certain physicians or medical centers that have undergone specialized training, limiting treatment to patients who meet certain safe-use criteria or requiring patient testing, monitoring and/or enrollment in a registry.

With respect to sales and marketing activities by us or any future partner, advertising and promotional materials must comply with FDA rules in addition to other applicable federal, state and local laws in the United States and similar legal requirements in other countries. Application holders must obtain FDA approval for product and manufacturing changes, depending on the nature of the change.

If we or a regulatory agency discovers previously unknown problems with our product, such as adverse events of unanticipated severity or frequency, problems with the facility where the product is manufactured, or we or our manufacturers fail to comply with applicable regulatory requirements, we may be subject to the following administrative or judicial sanctions:

- restrictions on the manufacturing or marketing of the product (including complete withdrawal or recall of the product);
- warning letters or holds on post-approval clinical trials;
- FDA's refusal to approve pending NDA's or supplements to approved NDA's;
- suspension or revocation of product license approvals;
- product seizures or detentions;
- FDA's refusal to allow imports or exports of products; or
- civil penalties, criminal penalties or injunctions.

The occurrence of any event or penalty described above may inhibit our ability to commercialize our drug candidate and generate revenue. Adverse regulatory action, whether pre- or post-approval, can also potentially lead to product liability claims and increase our product liability exposure.

***Any products we develop may become subject to unfavorable pricing regulations, third-party coverage and reimbursement practices or healthcare reform initiatives, thereby harming our business.***

In the United States, commercial sales of any products subject to regulatory approval could be conditioned on whether third-party payors (such as government authorities, managed care providers, private health insurers and other organizations) are able to provide coverage and reimbursement in connection with the products.

Coverage and reimbursement of costs are areas of significant uncertainty for any products subject to regulatory approval. The process for determining coverage versus reimbursement may vary widely among third-party payors. Third-party payors may also impose additional requirements on and restrictions to coverage and reimbursement, which could influence the purchase of certain healthcare services and products.

Third-party payors may limit coverage to specific drugs on an approved list, or formulary, which could omit some FDA-approved drugs for a particular indication. Third-party payors may also place drugs at certain formulary levels that result in a lower reimbursement and higher cost-sharing obligation for patients. A third-party payor's decision to provide coverage for a product may not necessarily imply approval of an adequate reimbursement rate. In addition, the unavailability of third-party reimbursement may affect our ability to maintain price levels sufficient to realize an appropriate return on our investment in product development. Coverage by one third-party payor may not necessarily indicate or imply coverage or reimbursement by other third-party payors. Also, the level or scope of coverage and reimbursement may vary significantly among third-party payors. Further, commercial third-party payors often rely upon Medicare coverage policies and payment limitations in setting their own reimbursement rates. In addition to scrutinizing the safety and efficacy of medical products and services, third-party payors have increasingly begun to examine and challenge the price, cost-effectiveness and necessity of certain products and services. Thus, to obtain and maintain coverage and reimbursement for any products approved for sale, the conducting of expensive pharmacoeconomic studies may be required to demonstrate the medical necessity and cost-effectiveness of such products. There is a chance that third-party payors may not consider our product medically necessary or cost-effective. If third-party payors make such a determination, they may not cover the product after approval as a benefit under their plans. If third-party payors do cover the product, the returns from sales of our product may not sufficiently yield a profit. Our inability to promptly obtain coverage, and adequate reimbursement for new therapeutics we develop and for which we obtain regulatory approval could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize products and our financial condition.

Furthermore, federal and state governmental authorities have increasingly shown an interest in implementing cost containment programs to limit government-paid healthcare costs. Such cost containment programs include restrictions on coverage and reimbursement, price controls and requirements to substitute branded prescription drugs with generic products. The adoption and expansion of such restrictive policies and controls could impose limitations or exclusions from coverage for our product.

In the United States, we expect third-party payors and government authorities to increase emphasis on managed care and cost containment measures, which will impact the pricing and coverage for pharmaceutical products. Coverage policies and third-party reimbursement rates may change at any time. Even if we achieve favorable coverage and reimbursement status for an approved product, less favorable coverage policies and reimbursement rates could still be implemented in the future.

**Current legislation may increase the difficulty and cost for us to commercialize ANEB-001 and affect the prices we may obtain and our current and future relationships with healthcare professionals, clinical investigators, consultants, patient organizations, customers, CROs and third-party payors.**

Healthcare providers and third-party payors play a primary role in the recommendation and prescription of any product candidates for which the Company obtains marketing approval. The Company's current and future arrangements with healthcare professionals, including HCPs, clinical investigators, CROs, third-party payors and customers may expose it to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which the Company markets, sells and distributes its products for which it obtains marketing approval. Restrictions under applicable federal and state healthcare laws and regulations include the following:

- the federal Anti-Kickback Statute prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid. Moreover, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the "ACA") provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act;
- the federal civil and criminal false claims, including the civil False Claims Act, which can be enforced by private citizens through civil whistleblower or qui tam actions, and civil monetary penalties laws prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;
- the FDCA, which prohibits, among other things, the adulteration or misbranding of drugs, biologics and medical devices;
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers, state laws that require biotechnology companies to comply with the biotechnology industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government and may require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures, state laws that require biotechnology companies to report information on the pricing of certain drug products, state and local laws that require the registration of pharmaceutical sales representatives;
- the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA") prohibits, among other things, executing or attempting to execute a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers;
- the federal Physician Payments Sunshine Act requires applicable manufacturers of covered drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to annually report to the Centers for Medicare & Medicaid Services ("CMS") information regarding payments and other transfers of value to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), other health care professionals (such as physician assistants and nurse practitioners) and teaching hospitals, as well as information regarding ownership and investment interests held by physicians and their immediate family members; and



- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act and their implementing regulations, also imposes obligations, including mandatory contractual terms, on "covered entities," including certain healthcare providers, health plans, healthcare clearinghouses, and their respective "business associates" that create, receive, maintain or transmit individually identifiable health information for or on behalf of a covered entity as well as their covered subcontractors, with respect to safeguarding the privacy, security and transmission of individually identifiable health information, as well as analogous state and foreign laws that govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts;
- analogous state laws and regulations, such as, state anti-kickback and false claims laws potentially applicable to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; and some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug manufacturers to report information related to payments to physicians and other healthcare providers or marketing expenditures, state and local laws that require the registration of pharmaceutical sales representatives, and state laws governing the privacy and security of personal data (including personal health information) in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts; and state transparency laws that require the reporting of certain pricing information; among other state laws.

Efforts to ensure that the Company's current and future business arrangements with third parties will comply with applicable healthcare laws and regulations will involve on-going substantial costs. If the Company's operations are found to be in violation of any of these laws or any other governmental regulations that may apply to it, it may be subject to significant penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid or similar programs in other countries or jurisdictions, integrity oversight and reporting obligations, contractual damages, reputational harm, diminished profits and future earnings and the curtailment or restructuring of the Company's operations. Defending against any such actions can be costly, time-consuming and may require significant financial and personnel resources. Therefore, even if the Company is successful in defending against any such actions that may be brought against it, its business may be impaired.

***ANEB-001, our lead drug candidate, may face competition sooner than expected.***

Our success will depend in part on our ability to obtain and maintain patent protection for important aspects of ANEB-001 and technologies and to prevent third parties from infringing upon our proprietary rights. We must also operate without infringing upon patents and proprietary rights of others, including by obtaining appropriate licenses to patents or other proprietary rights held by third parties, if necessary. However, the applications we have filed or may file in the future may never yield patents that protect our inventions and intellectual property assets. Failure to obtain patents that sufficiently cover our formulations and technologies would limit our protection against compounding pharmacies, outsourcing facilities, generic drug manufacturers, pharmaceutical companies and other parties who may seek to copy our products, produce products substantially similar to ours or use technologies substantially similar to those we own.

***Any termination or suspension of, or delays in the commencement or completion of, any necessary studies of ANEB-001, our lead drug candidate, for any indications could result in increased costs to us, delay or limit our ability to generate revenue and adversely affect our commercial prospects.***

The commencement and completion of clinical studies can be delayed for a number of reasons, including delays related to:

- the FDA or a comparable foreign regulatory authority failing to grant permission to proceed and placing the clinical study on hold;



- subjects for clinical testing failing to enroll or remain in our trials at the rate we expect;
- a facility manufacturing our drug candidate being ordered by the FDA or other government or regulatory authorities to temporarily or permanently shut down due to violations of CGMP requirements or other applicable requirements, or contamination of our drug candidate in the manufacturing process;
- any changes to our manufacturing process that may be necessary or desired;
- subjects choosing an alternative treatment for the indications for which we are developing our drug candidate, or participating in competing clinical studies;
- subjects experiencing severe or unexpected drug-related adverse effects;
- reports from clinical testing on similar technologies and products raising safety and/or efficacy concerns;
- third-party clinical investigators losing their license or permits necessary to perform our clinical trials, not performing our clinical trials on our anticipated schedule or employing methods consistent with the clinical trial protocol, CGMP requirements, or other third parties not performing data collection and analysis in a timely or accurate manner;
- inspections of clinical study sites by the FDA, comparable foreign regulatory authorities, or IRB's finding regulatory violations that require us to undertake corrective action, result in suspension or termination of one or more sites or the imposition of a clinical hold on the entire study, or that prohibit us from using some or all of the data in support of our marketing applications with the FDA;
- third-party contractors becoming debarred or suspended or otherwise penalized by the FDA or other government or regulatory authorities for violations of regulatory requirements, in which case we may need to find a substitute contractor, and we may not be able to use some or any of the data produced by such contractors in support of our marketing applications with the FDA;
- one or more IRB's refusing to approve, suspending or terminating the study at an investigational site, precluding enrollment of additional subjects, or withdrawing its approval of the trial; reaching agreement on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- deviations of the clinical sites from trial protocols or dropping out of a trial;
- adding new clinical trial sites;
- the inability of the CROs to execute any clinical trials for any reason; and
- government or regulatory delays or "clinical holds" requiring suspension or termination of a trial.

Product development costs for our drug candidate will increase if we have delays in testing or approval or if we need to perform more or larger clinical studies than planned. Additionally, changes in regulatory requirements and policies may occur and we may need to amend study protocols to reflect these changes. Amendments may require us to resubmit our study protocols to the FDA, comparable foreign regulatory authorities, and IRBs for reexamination, which may impact the costs, timing or successful completion of that study. If we experience delays in completion of, or if we, the FDA or other regulatory authorities, the IRB, or other reviewing entities, or any of our clinical study sites suspend or terminate any of our clinical studies of our drug candidate, its commercial prospects may be materially harmed and our ability to generate product revenues will be delayed. Any delays in completing our clinical trials will increase our costs, slow down our development and approval process and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, termination or suspension of, or a delay in the commencement or completion of, clinical studies may also ultimately lead to the denial of regulatory approval of our drug candidate. In addition, if one or more clinical studies are delayed, our competitors may be able to bring products to market before we do, and the commercial viability of our drug candidate could be significantly reduced.

**Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.**

Clinical testing of our drug candidate is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of preclinical testing and early clinical trials may not be predictive of the results of later-stage clinical trials. We cannot assure you that the FDA or comparable foreign regulatory authorities will view the results as we do or that any future trials of our drug candidate will achieve positive results. Drugs in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical testing and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. Any future clinical trial results for our drug candidate may not be successful.

In addition, a number of factors could contribute to a lack of favorable safety and efficacy results for our drug candidate. For example, such trials could result in increased variability due to varying site characteristics, such as local standards of care and differences in evaluation period, and due to varying patient characteristics including demographic factors and health status.

**We may be exposed to product liability risks, and clinical and preclinical liability risks, which could place a substantial financial burden upon us should we be sued.**

Our business exposes us to potential product liability and other liability risks that are inherent in the testing, manufacturing and marketing of pharmaceutical formulations and products. We cannot be sure that claims will not be asserted against us. We cannot give assurances that we will be able to continue to obtain or maintain adequate product liability insurance on acceptable terms, if at all, or that such insurance will provide adequate coverage against potential liabilities. A successful liability claim or series of claims brought against us, and any claims or losses in excess of any product liability insurance coverage that we may obtain, could have a material adverse effect on our business, financial condition and results of operations.

**ANEB-001, our lead product candidate, may have undesirable side effects which may delay or prevent marketing approval, or, if approval is received, require it to be taken off the market, require it to include safety warnings or otherwise limit sales of the product.**

Unforeseen side effects from ANEB-001 could arise either during clinical development or, if approved, after the product has been marketed. This could cause regulatory approvals for, or market acceptance of, the product to be harder and more costly to obtain.

To date, no serious adverse events have been attributed to ANEB-001. However, development of ANEB-001 for weight loss was discontinued by Vernalis after a different CB1 antagonist showed significant side effects after prolonged administration (months or more). While we currently expect ANEB-001 to be limited to a single dose to treat ACI, there may be unforeseen side effects from ANEB-001 for the treatment of ACI or other indications we may explore. The results of our current or future clinical trials may show that our product candidate causes undesirable or unacceptable side effects, which could interrupt, delay or halt clinical trials, and result in delay of, or failure to obtain, marketing approval from the FDA and other regulatory authorities, or result in marketing approval from the FDA and other regulatory authorities with restrictive label warnings. If our product candidate receives marketing approval and we or others later identify undesirable or unacceptable side effects caused by the use of our product:

- regulatory authorities may withdraw their approval of the product, which would force us to remove the product from the market;

- regulatory authorities may require the addition of labeling statements, specific warnings, a contraindication, or field alerts to physicians, pharmacies and others;
- we may be required to change instructions regarding the way the product is administered, conduct additional clinical trials or change the labeling of the product;
- we may be subject to limitations on how we may promote the product;
- sales of the product may decrease significantly;
- we may be subject to litigation or product liability claims; and
- our reputation may suffer.

Any of these events could prevent us or our potential future collaborators from achieving or maintaining market acceptance of the product or could substantially increase commercialization costs and expenses, which in turn could delay or prevent us from generating significant revenues from the sale of our product.

***We currently have no marketing and sales organization and we have no direct experience marketing pharmaceutical products. If we are unable to establish our own marketing and sales capabilities, or enter into agreements with third parties to market and sell our products after approval, we may not be able to generate product revenues.***

We do not have a sales organization for the marketing, sales and distribution of any pharmaceutical products. In order to commercialize ANEB-001, we must develop these capabilities on our own or make arrangements with third parties for the marketing, sales and distribution of our products, if approved. The establishment and development of a direct sales force will be expensive and time-consuming and could delay our product launch, and we cannot be certain that we would be able to successfully develop this capability. As a result, we may seek one or more partners to handle some or all of the sales, marketing and distribution of our products once approved. There also may be certain markets within the United States and elsewhere for our product candidates that receive approval for which we may seek a co-promotion arrangement. However, we may not be able to enter into arrangements with third parties to sell any of our products that may be approved on favorable terms, or at all. In the event, we are unable to develop our own marketing and sales force or collaborate with a third-party marketing and sales organization, we will not be able to commercialize our current or future product candidates following approval, which will negatively impact our ability to generate product revenues. Furthermore, whether we commercialize our product candidates following approval on our own or rely on a third party, our ability to generate revenue would be dependent on the effectiveness of the sales force. In addition, to the extent we rely on third parties to commercialize any product candidate that may be approved in the future, we would likely receive less revenues than if we commercialized such product candidates ourselves.

***New drugs, which may be developed by others, could impair our ability to maintain and grow our business and remain competitive.***

The pharmaceutical industry is subject to rapid and substantial technological change. Developments by others may render our technologies and product candidates non-competitive or obsolete. For example, Aelis Farma, which is developing a medication based on a pregnanolone derivative to treat cannabis use disorders, and Opiant Pharmaceuticals, Inc., which is developing a drinabant injection to treat acute cannabis overdose, could obtain regulatory approval before we are able to obtain regulatory approval for ANEB-001, which could materially harm our business prospects. We also may be unable to keep pace with technological developments and other market factors. Technological competition from medical device, pharmaceutical and biotechnology companies, universities, governmental entities and others diversifying into the field is intense and is expected to increase. Many of these entities have significantly greater research and development capabilities and budgets than we do, as well as substantially more marketing, manufacturing, financial and managerial resources. These entities represent significant competition for us.

## Risks Related to Our Reliance on Third Parties

***We depend on third parties in connection with our preclinical testing and clinical trials, which may result in costs and delays that prevent us from obtaining regulatory approval or successfully commercializing ANEB-001 or future product candidates.***

We engage third parties to perform various aspects of our preclinical testing and clinical trials. We have entered into agreements with third parties, including Traxeus, Aptuit (Verona) SRL, Sterling Pharma Solutions, and Centre for Human Drug Research, which provide certain pharmaceutical research and development services to us. We depend on these third parties to perform these activities on a timely basis in accordance with the protocol, good laboratory practices, good clinical practices and other regulatory requirements. Our reliance on these third parties for preclinical and clinical development activities reduces our control over these activities. Accordingly, if these parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, our preclinical testing and clinical trials may be extended, delayed, terminated or our data may be rejected by the FDA. If there are delays in testing or obtaining regulatory approvals as a result of a third party's failure to perform, our drug discovery and development costs will likely increase, and we may not be able to obtain regulatory approval for or successfully commercialize our current or future product candidates.

Third parties' abilities to adequately and timely manufacture and supply our current or future product candidates is dependent on the operation of their facilities which may be impacted by, among other things:

- availability, performance or contamination of raw materials and components used in the manufacturing process, particularly those for which we have no other source or supplier;
- capacity of their facilities;
- the performance of information technology systems;
- compliance with regulatory requirements;
- inclement weather and natural disasters;
- changes in forecasts of future demand for product components;
- timing and actual number of production runs for product components;
- potential facility contamination by microorganisms or viruses;
- updating of manufacturing specifications; and
- product quality success rates and yields.

If the efficient manufacture and supply of our current or future product candidates is interrupted, we may experience delayed shipments or supply constraints, which may materially impact our ongoing and future preclinical testing and clinical trials.

Any contract manufacturer must undergo a potentially lengthy FDA approval process, as well as other regulatory approval processes, and are subject to continued review by the FDA and other regulatory authorities. If we or our third-party service providers cease or interrupt production or if our third-party service providers fail to supply materials, products or services to us, we may experience delayed shipments, and supply constraints for our current or future product candidates.

**We will be completely dependent on third parties to manufacture ANEB-001, and our commercialization of ANEB-001 could be halted, delayed or made less profitable if those third parties fail to obtain manufacturing approval from the FDA or comparable foreign regulatory authorities, fail to provide us with sufficient quantities of ANEB-001 or fail to do so at acceptable quality levels or prices.**

We do not currently have, nor do we plan to acquire, the capability or infrastructure to manufacture the API in ANEB-001 for use in our clinical trials or for commercial product, if any. In addition, we do not have the capability to encapsulate our drug candidate as a finished drug product for commercial distribution. As a result, we will be obligated to rely on contract manufacturers, if and when our drug candidate is approved for commercialization. We have not entered into an agreement with any contract manufacturers for commercial supply and may not be able to engage a contract manufacturer for commercial supply of our drug candidate on favorable terms to us, or at all.

The facilities used by our contract manufacturers to manufacture our drug candidate must be approved by the FDA or comparable foreign regulatory authorities pursuant to inspections that will be conducted after we submit an NDA to the FDA or their equivalents to other relevant regulatory authorities. We will not control the manufacturing process of, and will be completely dependent on, our contract manufacturing partners for compliance with CGMP regulations for the manufacture of both active drug substances and finished drug products. These CGMP regulations cover all aspects of the manufacturing, testing, quality control and record keeping relating to our drug candidates. If our contract manufacturers do not successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or others, they will not be able to secure and/or maintain regulatory approval for their manufacturing facilities. If the FDA or a comparable foreign regulatory authority does not approve these facilities for the manufacture of our drug candidate or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our drug candidate, if approved.

Our contract manufacturers will be subject to ongoing periodic unannounced inspections by the FDA and corresponding state and foreign agencies for compliance with CGMP regulations and similar regulatory requirements. We will not have control over our contract manufacturers' compliance with these regulations and standards. Failure by any of our contract manufacturers to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, failure to grant approval to market our drug candidate, delays, suspensions or withdrawals of approvals, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect our business. In addition, we will not have control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. Failure by our contract manufacturers to comply with or maintain any of these standards could adversely affect our ability to develop, obtain regulatory approval for or market any of our drug candidate.

If, for any reason, these third parties are unable or unwilling to perform, we may not be able to terminate our agreements with them, and we may not be able to locate alternative manufacturers or formulators or enter into favorable agreements with them and we cannot be certain that any such third parties will have the manufacturing capacity to meet future requirements. If these manufacturers or any alternate manufacturer of finished drug product experiences any significant difficulties in its respective manufacturing processes for our API or finished products or should cease doing business with us, we could experience significant interruptions in the supply of our drug candidate or may not be able to create a supply of our drug candidate at all. Were we to encounter manufacturing issues, our ability to produce a sufficient supply of our drug candidate might be negatively affected. Our inability to coordinate the efforts of our third-party manufacturing partners, or the lack of capacity available at our third-party manufacturing partners, could impair our ability to supply our drug candidate at required levels. Because of the significant regulatory requirements that we would need to satisfy in order to qualify a new bulk or finished product manufacturer, if we face these or other difficulties with our current manufacturing partners, we could experience significant interruptions in the supply of our drug candidate if we decided to transfer the manufacturing of our drug candidate to one or more alternative manufacturers in an effort to deal with the difficulties.

Any manufacturing problem or the loss of a contract manufacturer could be disruptive to our operations and result in lost sales. Additionally, we rely on third parties to supply the raw materials needed to manufacture our

potential product. Any reliance on suppliers may involve several risks, including a potential inability to obtain critical materials and reduced control over production costs, delivery schedules, reliability and quality. Any unanticipated disruption to a future contract manufacturer caused by problems at suppliers could delay shipment of our drug candidate, increase our cost of goods sold and result in lost sales.

We cannot guarantee that our future manufacturing and supply partners will be able to reduce the costs of commercial scale manufacturing of our drug candidate over time. If the commercial-scale manufacturing costs of our drug candidate are higher than expected, these costs may significantly impact our operating results. In order to reduce costs, we may need to develop and implement process improvements. However, in order to do so, we will need, from time to time, to notify or make submissions with regulatory authorities, and the improvements may be subject to approval by such regulatory authorities.

We cannot be sure that we will receive these necessary approvals or that these approvals will be granted in a timely fashion. We also cannot guarantee that we will be able to enhance and optimize output in our commercial manufacturing process. If we cannot enhance and optimize output, we may not be able to reduce our costs over time.

***Our reliance on collaborations with third parties to develop and commercialize ANEB-001 is subject to inherent risks and may result in delays in product development and lost or reduced revenues, restricting our ability to commercialize ANEB-001 and adversely affecting our profitability.***

Our ability to develop, obtain regulatory approval of, manufacture and commercialize ANEB-001 depends upon our ability to maintain existing, and enter into and maintain new, contractual and collaborative arrangements with others. We also engage, and intend in the future to continue to engage, contract manufacturers and clinical trial investigators.

In addition, although not a primary component of our current strategy, the identification of new compounds or product candidates for development may require us to enter into license or other collaborative agreements with others, including other pharmaceutical companies and research institutions. Such collaborative agreements for the acquisition of new compounds or product candidates would typically require us to pay license fees, make milestone payments and/or pay royalties. Furthermore, these agreements may result in our revenues being lower than if we developed such product candidates and in our loss of control over the development of such product candidates.

Contractors or collaborators may have the right to terminate their agreements with us or reduce their payments to us under those agreements on limited or no notice and for no reason or reasons outside of our control. For example, we may be unable to maintain our relationship with Vernalis on a commercially reasonable basis, if at all. If we are unable to retain Vernalis as a licensor on commercially acceptable terms, we may not be able to commercialize ANEB-001 and we may experience delays in or suspension of the marketing of ANEB-001. The same could apply to other product candidates we may develop or acquire in the future. Our dependence upon third parties to assist with the development and commercialization of our product candidates may adversely affect our ability to generate profits or acceptable profit margins and our ability to develop and deliver such product candidates on a timely and competitive basis.

If our current or future licensees exercise termination rights they may have, or if these license agreements terminate because of delays in obtaining regulatory approvals, or for other reasons, and we are not able to establish replacement or additional research and development collaborations or licensing arrangements, we may not be able to develop and/or commercialize our product candidates. Moreover, any future collaborations or license arrangements we may enter into may not be on terms favorable to us.

A further risk we face with the collaborations is that business combinations and changes in the collaborator or their business strategy may adversely affect their willingness or ability to complete their obligations to us. Our current or any future collaborations or license arrangements ultimately may not be successful. Our agreements with collaborators typically allow them discretion in electing whether to pursue various development, regulatory, commercialization and other activities. If any collaborator were to breach its agreement with us or otherwise fail to conduct collaborative activities in a timely or successful manner, the preclinical or clinical development or commercialization of the affected product candidate or research program would be delayed or terminated.

Other risks associated with our collaborative and contractual arrangements with others include the following:

- we may not have day-to-day control over the activities of our contractors or collaborators;
- our collaborators may fail to maintain, defend or enforce patents they own on compounds or technologies that are incorporated into the product candidates we develop with them;
- third parties may not fulfill their regulatory or other obligations; and
- we may not realize the contemplated or expected benefits from collaborative or other arrangements; and disagreements may arise regarding a breach of the arrangement, the interpretation of the agreement, ownership of proprietary rights, clinical results or regulatory approvals.

These factors could lead to delays in the development and/or commercialization of our current or future product candidates, or could result in us not being able to commercialize our product candidates, if approved. Further, disagreements with our contractors or collaborators could require or result in litigation or arbitration, which would be time-consuming and expensive. Our ultimate success may depend upon the success and performance on the part of these third parties. If we fail to maintain these relationships or establish new relationships as required, development and/or commercialization of our product candidates will be delayed or may never be realized.

### Risks Related to Government Regulation of our Industry

#### ***Legislative or regulatory reform of the healthcare system may affect our ability to sell our products profitably.***

In both the U.S. and certain foreign jurisdictions, there have been a number of legislative and regulatory proposals to change the healthcare system in ways that could impact our ability to sell future products and profitability. Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We do not know whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our drug candidate, if any, may be. In addition, increased scrutiny by the U.S. Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements.

On March 23, 2010, President Obama signed into law the ACA, which includes a number of healthcare reform provisions and requires most U.S. citizens to have health insurance. The ACA was intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. The law, among other things, imposes a significant annual fee on companies that manufacture or import branded prescription drug products, addresses a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected, increases the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extends the rebate program to individuals enrolled in Medicaid managed care organizations, and establishes a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D. Substantial new provisions affecting compliance also have been added, which may require modification of business practices with healthcare practitioners. The ACA also revised the definition of "average manufacturer price" for reporting purposes, which could increase the amount of Medicaid drug rebates to states. Further, the law imposed a significant annual fee on companies that manufacture or import branded prescription drug products.

There have been judicial, congressional, and executive branch efforts to repeal, modify or delay the implementation of the law. On June 17, 2021, the U.S. Supreme Court dismissed a challenge on procedural grounds that argued the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress. In addition, on August 16, 2022, President Biden signed the Inflation Reduction Act of 2022, or IRA, into law, which among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. The IRA also eliminates the "donut hole" under the Medicare Part D program beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost and creating a new manufacturer discount program. It is possible that the ACA will be subject to judicial or Congressional challenges in the future. If the ACA is repealed or modified, or if implementation of certain aspects of the Health Care Reform Law are delayed, such repeal, modification or delay may materially adversely impact our business, strategies, prospects, operating results or financial condition. We are unable to predict the full impact of any repeal or modification in the implementation of the ACA on us at this time.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. For example, the IRA, among other things, (1) directs the U.S. Department of Health and Human Services

("HHS") to negotiate the price of certain single-source drugs and biologics covered under Medicare and (2) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. The IRA permits HHS to implement many of these provisions through guidance, as opposed to regulation, for the initial years. HHS has and will continue to issue and update guidance as these programs are implemented. These provisions take effect progressively starting in fiscal year 2023. On August 29, 2023, HHS announced the list of the first ten drugs that will be subject to price negotiations, although the Medicare drug pricing negotiation program is currently subject to legal challenges. It is currently unclear how the IRA will be implemented but is likely to have a significant impact on the pharmaceutical industry. Further, in response to the Biden administration's October 2022 executive order, on February 14, 2023, HHS released a report outlining three new models for testing by the CMS Innovation Center which will be evaluated on their ability to lower the cost of drugs, promote accessibility, and improve quality of care. It is unclear whether the models will be utilized in any health reform measures in the future. We expect that additional federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, and in turn could significantly reduce the projected value of certain development projects and reduce or eliminate our profitability. These new laws may result in additional reductions in Medicare and other healthcare funding, which could have a material adverse effect on customers for the Company's product candidates, if approved, and accordingly, the financial operations.

In the coming years, additional changes could be made to governmental healthcare programs such as allowing the Medicare program to negotiate prices for certain drugs that could significantly impact the development and success of our future product candidates, and we could be adversely affected by current and future healthcare reforms.

***Clinical trials for ANEB-001 have and may in the future be conducted outside the United States and not under an IND, and where this is the case, the FDA may not accept data from such trials.***

Our ongoing clinical trial for ANEB-001 is being conducted in the Netherlands and we may conduct future clinical trials outside of the United States. Although the FDA may accept data from clinical trials conducted outside the United States and not under an IND in support of research or marketing applications for our product candidates, this is subject to certain conditions set out in 21 C.F.R. § 312.120. For example, such foreign clinical trials should be conducted in accordance with GCP, including review and approval by an independent ethics committee and obtaining the informed consent from subjects of the clinical trials. The FDA must also be able to validate the data from the study through an onsite inspection if the agency deems it necessary. The foreign clinical data should also be applicable to the U.S. population and U.S. medical practice. Other factors that may affect the acceptance of foreign clinical data include differences in clinical conditions, study populations or regulatory requirements between the U.S. and the foreign country. If the FDA does not accept such foreign clinical data, it would result in the need for additional trials, which would be costly and time-consuming and delay aspects of our business plan, and which may result in our drug candidate not receiving marketing approval.

**Risks Related to Ownership of Our Common Stock**

***The trading price and volume of our common stock in the public markets has experienced, and may in the future experience, volatility due to a variety of factors, many of which are beyond our control.***

The trading price and volume of our common stock on The Nasdaq Capital Market has experienced, and may in the future experience, volatility. The market price of our common stock may fluctuate substantially as a result of many factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of the value of your investment in our common stock. Factors that could cause fluctuations in the market price of our common stock include the following:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts;
- publication of research reports about us or the pharmaceutical industry;
- announcements by us or our competitors of significant contracts, acquisitions or capital commitments;
- announcements by third parties of significant claims or proceedings against us;
- changes affecting the availability of financing in the wholesale and consumer lending markets;

- regulatory developments in the pharmaceutical industry;
- significant future sales of our common stock, and additions or departures of key personnel;
- the realization of any of the other risk factors presented in this Annual Report; and
- general economic, market and currency factors and conditions unrelated to our performance.

In addition, the stock market in general has experienced significant price and volume fluctuations that have often been unrelated or disproportionate to operating performance of individual companies. These broad market factors may seriously harm the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. A class action suit against us could result in significant liabilities and, regardless of the outcome, could result in substantial costs and the diversion of our management's attention and resources.

***Future sales, or the perception of future sales, of a substantial number of our shares of common stock could depress the trading price of our common stock.***

If we or our stockholders, particularly our officers, directors and large stockholders, sell a significant percentage of our outstanding common stock in the public market or if the market perceives that these sales could occur, the market price of shares of our common stock could decline. These sales may make it more difficult for us to sell equity or equity-linked securities in the future at a time and price that we deem appropriate, or to use equity as consideration for future acquisitions.

***Our principal stockholders and management own a substantial majority of our stock and will be able to exert significant control over matters subject to stockholder approval.***

Certain of our executive officers, directors and large stockholders own a substantial majority of our outstanding capital stock. As a result of their share ownership, these stockholders have the ability to influence us through their ownership positions. These stockholders may be able to determine all matters requiring stockholder approval. For example, these stockholders, acting together, can control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may believe are in your best interest as one of our stockholders.

***Anti-takeover provisions in our charter documents could discourage, delay or prevent a change in control of our company and may affect the trading price of our common stock.***

Our corporate documents and Delaware corporate law contain provisions that may enable our board of directors to resist a change in control of our company even if a change in control were to be considered favorable by you and other stockholders. These provisions:

- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to help defend against a takeover attempt;
- provide that vacancies on our board of directors, including vacancies as a result of removal or enlargement of the board of directors, may be filled by directors then in office, even though less than a quorum;
- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms;
- specify that special meetings of our stockholders can be called only by our board of directors, chief executive officer or the chairman of our board of directors;

- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- include a forum selection clause, which means certain litigation can only be brought in Delaware; and
- require supermajority stockholder voting to effect certain amendments to our certificate of incorporation and bylaws.

In addition, Delaware corporate law prohibits large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or consolidating with us except under certain circumstances. These provisions and other provisions under Delaware corporate law could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for our stockholders to elect directors of their choosing and cause us to take other corporate actions our stockholders desire.

***Our certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, and federal district courts will be the sole and exclusive forum for Securities Act claims, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.***

Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by our directors, officers or other employees to us or to our stockholders, (iii) any action asserting a claim against us or any director, officer or other employee arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or bylaws or (iv) any action asserting a claim governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court having personal jurisdiction over the indispensable parties named as defendants; provided that these provisions of our certificate of incorporation will not apply to suits brought to enforce a duty or liability created by the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction.

Our certificate of incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, unless we consent in writing to the selection of an alternative forum. We note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. The choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our current or former directors, officers, or other employees or stockholders, which may discourage such lawsuits against us and our current or former directors, officers, and other employees or stockholders. Alternatively, if a court were to find the choice of forum provisions contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition and results of operations.

***We do not expect to pay any dividends on our common stock.***

We currently expect to retain all future earnings, if any, for future operation, expansion and debt repayment and have no current plans to pay any cash dividends to holders of our common stock. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our operating results, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. In addition, we must comply with the covenants in our credit agreements to be able to pay cash dividends, and our ability to pay dividends generally may be further limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur. As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

## General Risk Factors

**If we fail to establish and maintain proper and effective internal control over financial reporting, our operating results and our ability to operate our business could be harmed.**

Ensuring that we have adequate internal control over financial reporting in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. In connection with our IPO, we began the process of documenting, reviewing, and improving our internal controls and procedures for compliance with Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), which requires an annual management assessment of the effectiveness of our internal control over financial reporting. If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements. If that were to happen, the market price of our common stock could decline and we could be subject to sanctions or investigations by the stock exchange on which our common stock is listed, the SEC or other regulatory authorities.

Implementing any appropriate changes to our internal controls may distract our officers and employees, entail substantial costs to modify our existing processes, and take significant time to complete. These changes may not, however, be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and harm our business. In addition, for so long as we are an emerging growth company or a non-accelerated filer, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act. An independent assessment of the effectiveness of our internal control over financial reporting could detect problems that our management's assessment might not. Undetected material weaknesses in our internal control over financial reporting could lead to financial statement restatements and require us to incur the expense of remediation. In addition, investors' perceptions that our internal controls are inadequate or that we are unable to produce accurate financial statements on a timely basis may harm our stock price and could have a material and adverse effect on our business, results of operations and financial condition.

**We are incurring significantly increased costs as a result of operating as a public company, and our management is required to devote substantial time to compliance efforts.**

As a public company, we are incurring significant legal, accounting and other expenses that we did not incur as a private company. For example, we are subject to the reporting requirements of the Exchange Act, the accounting and internal controls provisions of the Foreign Corrupt Practices Act of 1977, as amended, with the applicable requirements of the Sarbanes-Oxley Act, and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), as well as other rules and regulations implemented by the SEC and Nasdaq, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Our management and other personnel must devote a substantial amount of time and resources to complying with these requirements. Moreover, these rules and regulations are increasing our legal and financial compliance costs and will make some activities more time-consuming and costly. In particular, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act, which will increase when we are no longer an "emerging growth company," as defined by the JOBS Act, if we are also at that time not a "non-accelerated filer" under applicable SEC rules. These new obligations will require substantial attention from our management team and could divert their attention away from the day-to-day management of our business. We will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and maintain an internal audit function. We cannot predict or estimate the amount of additional costs we may incur as a result of being a public company or the timing of such costs. These rules and regulations could also make it more difficult for us to attract and retain

qualified persons to serve on our board of directors and board committees or as executive officers, and more expensive for us to obtain director and officer liability insurance.

***Changes in accounting principles or guidance, or in their interpretations, could result in unfavorable accounting charges or effects, including changes to our previously filed financial statements, which could cause our stock price to decline.***

We prepare our financial statements in accordance with accounting principles generally accepted in the United States of America. These principles are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting principles and guidance. A change in these principles or guidance, or in their interpretations, may have a significant negative effect on our reported results and retroactively affect previously reported results, which, in turn, could cause our stock price to decline.

**We are an "emerging growth company" and our election to delay adoption of new or revised accounting standards applicable to public companies may result in our financial statements not being comparable to those of some other public companies. As a result of this and other reduced disclosure requirements applicable to emerging growth companies, our securities may be less attractive to investors.**

As a company with less than \$1.235 billion in annual revenue, we qualify as an "emerging growth company" under the JOBS Act. An emerging growth company may take advantage of specified reduced reporting requirements that are otherwise generally applicable to public companies. In particular, as an emerging growth company we:

- are not required to obtain an attestation and report from our auditors on our management's assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act;
- are not required to provide a detailed narrative disclosure discussing our compensation principles, objectives and elements and analyzing how those elements fit with our principles and objectives (commonly referred to as "compensation discussion and analysis");
- are not required to obtain a non-binding advisory vote from our stockholders on executive compensation or golden parachute arrangements (commonly referred to as the "say-on-pay," "say-on-frequency" and "say-on-golden-parachute" votes);
- are exempt from certain executive compensation disclosure provisions requiring a pay-versus-performance and CEO pay ratio disclosure;
- may present only two years of audited financial statements and only two years of related Management's Discussion & Analysis of Financial Condition and Results of Operations ("MD&A"); and
- are eligible to claim longer phase-in periods for the adoption of new or revised financial accounting standards under Section 107 of the JOBS Act.

We have and intend to continue to take advantage of all of these reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards under Section 107 of the JOBS Act. Our election to use the phase-in periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the phase-in periods under Section 107 of the JOBS Act.

Certain of these reduced reporting requirements and exemptions were already available to us due to the fact that we also qualify as a "smaller reporting company" and a "non-accelerated filer" under SEC rules. For instance, non-accelerated filers are not required to obtain an auditor attestation and report regarding management's assessment of internal control over financial reporting, are not required to provide a compensation discussion and analysis, are not required to provide a pay-for-performance graph or CEO pay ratio disclosure, and may present only two years of audited financial statements and related MD&A disclosure.

Under the JOBS Act, we may take advantage of the above-described reduced reporting requirements and exemptions for up to five years after our initial sale of common equity pursuant to a registration statement declared effective under the Securities Act, or such earlier time that we no longer meet the definition of an emerging growth company. In this regard, the JOBS Act provides that we would cease to be an "emerging growth company" if we have more than \$1.235 billion in annual revenue, have more than \$700 million in market value of our common stock held by non-affiliates, or issue more than \$1 billion in principal amount of non-convertible debt over a three-year period. Under current SEC rules, however, we will continue to qualify as a "smaller reporting company" for so long as we have a public float (i.e., the market value of common equity held by non-affiliates) of less than \$250 million as of the last business day of our most recently completed second fiscal quarter, or have annual revenue is less than \$100.0 million during the most recently completed fiscal year and have a public float of less than \$700 million as of the last business day of our most recently completed second fiscal quarter.

We cannot predict if investors will find our securities less attractive due to our reliance on these exemptions. If investors were to find our securities less attractive as a result of our election, we may have difficulty raising all of the proceeds we seek in this offering.

***Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition or results of operations.***

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could affect our business operations and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, legislation enacted in 2017 informally titled the Tax Cuts and Jobs Act, the Coronavirus Aid, Relief, and Economic Security Act and the Inflation Reduction Act enacted many significant changes to the U.S. tax laws. As a further example, effective January 1, 2022, the Tax Cuts and Jobs Act eliminated the option to deduct research and development expenses for tax purposes in the year incurred and requires taxpayers to capitalize and subsequently amortize such expenses over five years for research activities conducted in the United States and over 15 years for research activities conducted outside the United States. Although there have been legislative proposals to repeal or defer the capitalization requirement to later years, there can be no assurance that the provision will be repealed or otherwise modified. Future guidance from the Internal Revenue Service and other tax authorities with respect to such legislation may affect us, and certain aspects of such legislation could be repealed or modified in future legislation. In addition, it is uncertain if and to what extent various states will conform to federal tax laws. Future tax reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future U.S. tax expense.

***Our ability to use net operating loss carryforwards and certain other tax attributes to offset future taxable income or taxes may be limited.***

Under current law, federal net operating losses incurred in tax years beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such federal net operating losses is limited to 80% of taxable income. It is uncertain if and to what extent various states will conform to federal tax laws. In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if a corporation undergoes an "ownership change," which is generally defined as a greater than 50% change in its equity ownership value over a three-year period, the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income or taxes may be limited. We may have experienced an ownership change in the past and we may also experience additional ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If an ownership change occurs and our ability to use our net operating loss carryforwards is materially limited, it would harm our future operating results by effectively increasing our future tax obligations. In addition, at the state level, there may be periods during which the use of net operating loss carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. As a result, if we earn net taxable income, we may be unable to use all or a material portion of our net operating loss carryforwards and other tax attributes, which could potentially result in increased future tax liability to us and adversely affect our future cash flows.

***If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, or if our actual results differ significantly from our guidance, our stock price and trading volume could decline.***

The trading market for our common stock is influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

In addition, from time to time, we may release earnings guidance or other forward-looking statements in our earnings releases, earnings conference calls or otherwise regarding our future performance that represent our

management's estimates as of the date of release. Some or all of the assumptions of any future guidance that we furnish may not materialize or may vary significantly from actual future results. Any failure to meet guidance or analysts' expectations could have a material adverse effect on the trading price or volume of our stock.

***Health epidemics or pandemics may adversely affect our business, financial condition and results of operations.***

Health epidemics or pandemics may negatively impact worldwide economic and commercial activity and financial markets. For example, Covid-19 previously resulted in significant business and operational disruptions, including business closures, supply chain disruptions, travel restrictions, stay-at-home orders and limitations on the availability of workforces. Our Netherlands Trial was previously delayed due to Covid-19 and it is possible we may encounter similar delays or other disruptions associated with health epidemics or pandemics. If we or any of our business partners, clinical trial sites, suppliers and other third parties with whom we conduct business, were to experience shutdowns or other business disruptions as a result of a health epidemic or pandemic, our ability to conduct our business in the manner and on the timelines presently planned could be materially and negatively impacted. For example, if our development of ANEB-001 were to be delayed, it may have a material adverse effect on our business, results of operations and financial condition. In addition, an epidemic's or pandemic's impact on the medical community and the global economy could have an adverse impact on future sales upon which we expect to derive royalties and milestones, which could lead to a decrease in our revenues, net income and assets. If the adverse effects of a health epidemic or pandemic continue for a prolonged period or result in sustained economic stress, higher inflation levels or recession, many of the other risks described in this "Risk Factors" section could be exacerbated, such as those relating to our reliance on a limited number of suppliers and our need to raise additional capital to fund our existing operations.

***Unstable market and economic conditions may have serious adverse consequences on our business, financial condition and stock price.***

The global credit and financial markets have recently experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, bank failures, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. There can be no assurance that further deterioration in credit and financial markets and confidence in economic conditions will not occur. Our general business strategy may be adversely affected by any such economic downturn, volatile business environment or continued unpredictable and unstable market conditions. If the current equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult, more costly and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon clinical development plans. In addition, there is a risk that one or more of our current service providers, manufacturers and other partners may not survive an economic downturn, which could directly affect our ability to attain our operating goals on schedule and on budget.

***Inflation may adversely affect us by increasing our costs.***

Recently, inflation has increased throughout the U.S. economy. Inflation can adversely affect us by increasing the costs of clinical trials and research, the development of our product candidates, administration and other costs of doing business. We may experience increases in the prices of labor and other costs of doing business. In an inflationary environment, cost increases may outpace our expectations, causing us to use our cash and other liquid assets faster than forecasted. If this happens, we may need to raise additional capital to fund our operations, which may not be available in sufficient amounts or on reasonable terms, if at all, sooner than expected.

***We are subject to stringent and evolving U.S. and foreign laws, regulations, rules, contractual obligations, policies and other obligations related to data privacy and security. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions; litigation (including class claims) and mass arbitration demands; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers or sales; and other adverse business consequences.***

In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, processing) personal data and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, data we collect about trial participants in connection with clinical trials, and sensitive third-party data. Our data processing activities subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security.

In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws). For example, as further discussed above, the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended by the Health Information Technology for Economic and Clinical Health Act ("HITECH"), imposes specific requirements relating to the privacy, security, and transmission of individually identifiable protected health information. In addition, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 ("CPRA"), (collectively, "CCPA") applies to personal information of consumers, business representatives, and employees who are California residents, and requires businesses to provide specific disclosures in privacy notices and honor requests of such individuals to exercise certain privacy rights. The CCPA provides for administrative fines of up to \$7,500 per violation and allows private litigants affected by certain data breaches to recover significant statutory damages. Although the CCPA exempts some data processed in the context of clinical trials, the CCPA increases compliance costs and potential liability with respect to other personal data we maintain about California residents. In addition, the CPRA expanded the CCPA's requirements, including by adding a new right for individuals to correct their personal information and establishing a new regulatory agency to implement and enforce the law. Other states, such as Virginia and Colorado,

have also passed comprehensive privacy laws, and similar laws are being considered in several other states, as well as at the federal and local levels. While these states, like the CCPA, also exempt some data processed in the context of clinical trials, these developments further complicate compliance efforts, and increase legal risk and compliance costs for us, the third parties upon whom we rely.

Outside the United States, an increasing number of laws, regulations, and industry standards govern data privacy and security. For example, the European Union's General Data Protection Regulation ("EU GDPR") and the United Kingdom's GDPR ("UK GDPR") impose strict requirements for processing personal data. For example, under the GDPR, companies may face temporary or definitive bans on data processing and other corrective actions; fines of up to 20 million Euros under the EU GDPR, 17.5 million pounds sterling under the UK GDPR or, in each case, 4% of annual global revenue, whichever is greater; or private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests.

Additionally, under various privacy laws and other obligations, we may be required to obtain certain consents to process personal data. Our inability or failure to do so could result in adverse consequences, including class action litigation and mass arbitration demands.

In the ordinary course of business, we may transfer personal data from Europe and other jurisdictions to the United States or other countries. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the European Economic Area (EEA) and the United Kingdom (UK) have significantly restricted the transfer of personal data to the United States and other countries whose privacy laws it generally believes are inadequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal data from the EEA and UK to the United States in compliance with law, such as the EEA and UK's standard contractual clauses, the UK's International Data Transfer Agreement / Addendum, and the EU-U.S. Data Privacy Framework (which allows for transfers for relevant U.S.-based organizations who self-certify compliance and participate in the Framework), these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States. If there is no lawful manner for us to transfer personal data from the EEA, the UK or other jurisdictions to the United States, or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions (such as Europe) at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against our processing or transferring of personal data necessary to operate our business. Additionally, companies that transfer personal data out of the EEA and UK to other jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators, individual litigants, and activist groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers out of Europe for allegedly violating the GDPR's cross-border data transfer limitations. For example, in May 2023, the Irish Data Protection Commission determined that a major social media company's use of the standard contractual clauses to transfer personal data from Europe to the United States was insufficient and levied a 1.2 billion Euro fine against the company and prohibited the company from transferring personal data to the United States.

In addition, we are bound by contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. For example, certain privacy laws, such as the GDPR and the CCPA, require our customers to impose specific contractual restrictions on their service providers. We publish privacy policies, marketing materials and other statement regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences.

Obligations related to data privacy and security are quickly changing, becoming increasingly stringent, and creating regulatory uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources, which may necessitate changes to our services, information

technologies, systems, and practices and to those of any third parties that process personal data on our behalf. In addition, these obligations may require us to change our business model.

We may at times fail (or be perceived to have failed) in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our personnel or third parties on whom we rely may fail to comply with such obligations, which could negatively impact our business operations. If we or the third parties on which we rely fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class-action claims) and mass arbitration demands; additional reporting requirements and/or oversight; bans on processing personal data; orders to destroy or not use personal data; and imprisonment of company officials.

In particular, plaintiffs have become increasingly more active in bringing privacy-related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for monumental statutory damages, depending on the volume of data and the number of violations. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of customers; interruptions or stoppages in our business operations (including clinical trials); inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations.

***If our internal information technology systems or sensitive information, or those of our third-party CROs or other contractors or consultants, are or were compromised, we could experience adverse consequences from such compromise, including but not limited to, a material disruption of the development of our product candidates, regulatory investigations or actions, litigation, fines and penalties, reputational harm, loss of revenue or profits, and other adverse consequences.***

We are increasingly dependent upon information technology systems, infrastructure and data to operate our business. In the ordinary course of business, we may process confidential, and sensitive information, including personal data (such as health-related data), intellectual property, and trade secrets (collectively, "sensitive information"). It is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information. We also have outsourced elements of our operations to third parties in a variety of contexts, including, without limitation, third-party providers of cloud-based infrastructure, encryption and authentication technology, employee email, and other functions. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. We may share or receive sensitive information with or from third parties.

Cyberattacks, malicious internet-based activity, and online and offline fraud and other similar activities threaten the confidentiality, integrity, and availability of our sensitive information and information technology systems, and those of the third parties upon which we rely. These threats are prevalent and continue to increase, are increasingly difficult to detect, and come from a variety of sources, including traditional computer "hackers," threat actors, "hacktivists," organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors. Some actors now engage and are expected to continue to engage in cyber-attacks, including, without limitation, nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we and the third parties upon which we rely may be vulnerable to a heightened risk of these attacks, including cyber-attacks that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our goods and services.

We and the third parties upon which we rely may be subject to a variety of evolving threats, including, but not limited to social-engineering attacks (including through deep fakes, which may be increasingly more difficult to identify as fake, and phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks (such as credential stuffing), personnel misconduct or error, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, earthquakes, fires, floods, and other similar threats. Ransomware attacks, including by organized criminal threat actors, nation-states, and nation-state-supported actors, are becoming increasingly prevalent and severe and can lead to significant interruptions in our operations, loss of data, information technology assets, and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. Similarly, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties and infrastructure in our supply chain or our third-party partners' supply chains have not been compromised or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our information technology systems or the third-party information technology systems that support us and our services. Additionally, remote work has become more common and poses increased risks to our information technology systems and data, as more of our employees work from home,

utilizing network connections outside our premises. Future or past business transactions (such as acquisitions or integrations) could also expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Furthermore, we may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into our information technology environment and security program.

Any of the previously identified or similar threats could cause a security incident or other interruption. A security incident or other interruption could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive information. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to conduct our business operations. For example, a security incident could result in a material disruption and delay of the development of our product candidates. In addition, the loss of pre-clinical study data or future clinical trial data for our product candidates could result in delays in our marketing approval efforts and significantly increase our costs to recover or reproduce the data.

We may expend significant resources or modify our business activities to try to protect against security incidents. Certain data privacy and security obligations may require us to implement and maintain specific security measures, industry-standard or reasonable security measures to protect our information technology systems and sensitive information.

While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We may be unable in the future to detect vulnerabilities in our information technology systems because such threats and techniques change frequently, are often sophisticated in nature, and may not be detected until after a security incident has occurred. Despite our efforts to identify and remediate vulnerabilities, if any, in our information technology systems, our efforts may not be successful. Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities.

Applicable data privacy and security obligations may require us to notify relevant stakeholders of security incidents. Such disclosures are costly, and the disclosures or the failure to comply with such requirements could lead to adverse consequences. If we (or a third-party upon whom we rely) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences. Additionally, our sensitive information could be leaked, disclosed, or revealed as a result of or in connection with our employee's, personnel's, or vendor's use of generative AI technologies, resulting in adverse consequences. In each case, these consequences may include: government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing sensitive information (including personal data); litigation (including class claims) and mass arbitration demands; indemnification obligations; negative publicity; reputational harm; monetary fund diversions; interruptions in our operations (including availability of data); financial loss; and other similar harms. Security incidents and attendant consequences may cause interruptions in our operations and could result in a material disruption of our programs and negatively impact our ability to grow and operate our business. For example, the loss of clinical trial data for our product candidates could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

### *Unregistered Sales of Equity Securities*

None.

### *Use of Proceeds from our Initial Public Offering*

On May 11, 2021, we closed our IPO in which we issued and sold 3,078,224 shares of our common stock, including the additional shares pursuant to the underwriters' exercise of their option to purchase additional shares, at a public offering price to the public of \$7.00 per share, for aggregate gross proceeds of \$21.5 million. All shares issued and sold in the initial public offering were registered under the Securities Act pursuant to a Registration Statement on Form S-1 (File No. 333-254979), which was declared effective by the SEC on May 6, 2021. We received aggregate net proceeds from our IPO of approximately \$19.8 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. The Benchmark Company, LLC acted as the sole underwriter in our IPO. None of the underwriting discounts and commissions or offering expenses were incurred or paid to directors or officers of ours or their associates or to persons owning 10% or more of our common stock or to any affiliates of ours.

Through September 30, 2023, we have used approximately \$17.6 million of the net proceeds from the IPO for research and development expenses for ANEB-001, working capital and other general corporate purposes, including costs and expenses associated with being a public company. We have not used any of the net proceeds from the offering to make payments, directly or indirectly, to any director or officer of ours, or any of their associates, to any person owning 10 percent or more of our common stock or to any affiliate of ours. There has been no material change in our planned use of the net proceeds from the offering as described in our final prospectus filed pursuant to Rule 424(b)(4) under the Securities Act with the SEC on May 10, 2021.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## ITEM 5. OTHER INFORMATION

### *Loan and Security Agreement*

On November 13, 2023, we entered into a Loan and Security Agreement ("LSA") with 22NW, LP ("22NW") and JFL Capital Management LLC ("JFL" and collectively with 22NW, the "Lenders") which will allow us to draw up to \$10 million (the "Facility Amount") as needed to fund future operations until the third anniversary of the LSA (the "Maturity Date"). Pursuant to the LSA, if we elect to draw on the Facility Amount (an "Advance"), JFL has the right, but not the obligation to fund 50% of the Advance at the request of us. If JFL elects not to fund 50% of the Advance, then 22NW will fund 100% of the Advance. The outstanding balance will accrue interest at 0.25% per annum and no fee will be assessed on the unused balance. Upon the draw of at least \$3 million in the aggregate, the LSA will be collateralized by substantially all of our assets. All principal drawn and interest accrued under the LSA will be due and payable on the Maturity Date.

We issued 300,000 shares of common stock to 22NW upon the signing of the LSA. We will also issue 0.03 shares of common stock per dollar loaned in each Advance (rounded up or down to the nearest whole share) up to a maximum aggregate of 300,000 (the "Advance Shares"); provided that a minimum of 50,000 Advance Shares will be issued in connection with the first Advance. The Advance Shares shall be issued to the Lenders on a pro rata basis according to the portion of each Advance such Lender funds. The LSA contains a negative covenant that could restrict our ability to incur additional liens or incur additional indebtedness.

Joseph F. Lawler, M.D., Ph.D., our founder and a member of our Board of Directors, is the founder and Managing Member of JFL. Aron R. English, the President and Portfolio Manager of 22NW, and Nat Calloway, the lead for 22NW, are each members of our Board of Directors.

## ITEM 6. EXHIBITS

### *Exhibit*

<b>Number</b>	<b>Description</b>
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3.1	<a href="#">Second Amended and Restated Certificate of Incorporation of Anebulo Pharmaceuticals, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K, filed with the SEC on September 9, 2022).</a>
3.2	<a href="#">Certificate of Correction to Second Amended and Restated Certificate of Incorporation of Anebulo Pharmaceuticals, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K, filed with the SEC on September 9, 2022).</a>
3.3	<a href="#">Amended and Restated Bylaws of Anebulo Pharmaceuticals, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on October 13, 2022).</a>
4.1	Reference is made to Exhibits <a href="#">3.1</a> , <a href="#">3.2</a> and <a href="#">3.3</a> .
4.2	<a href="#">Specimen Stock Certificate for Common Stock (filed as Exhibit 4.1 to the Company's Registration Statement on Form S-1 filed with the SEC on April 1, 2021 and incorporated herein by reference).</a>
4.3	<a href="#">Investors' Rights Agreement, dated June 18, 2020, between Anebulo Pharmaceuticals, Inc. and 22NW, LP (filed as Exhibit 10.3 to the Company's Registration Statement on Form S-1 filed with the SEC on April 1, 2021 and incorporated herein by reference).</a>
4.4	<a href="#">Securities Purchase Agreement, dated September 25, 2022, by and between Anebulo Pharmaceuticals, Inc. and the purchasers named therein (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on September 29, 2022).</a>
4.5	<a href="#">Form of Common Stock Purchase Warrant, issued September 28, 2022 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the SEC on September 29, 2022).</a>
10.1	<a href="#">Executive Employment Agreement, dated October 5, 2023, between the Company and Richard Anthony Cunningham (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on October 6, 2023).</a>
10.2	<a href="#">Offer Letter, effective September 26, 2023, between the Company and Daniel George (incorporated by reference to Exhibit 10.1 to the Company's Current Report Form 8-K, filed with the SEC on September 28, 2023).</a>
10.3	<a href="#">Loan and Security Agreement dated November 13, 2023, among the Company, 22NW LP as administrative agent, collateral agent and as a lender, and JFL Capital Management LLC.</a>
31.1	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</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>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

## SIGNATURES

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

Date: November 14, 2023

**ANEBULO PHARMACEUTICALS, INC.**

By: /s/ Richard Anthony Cunningham

Richard Anthony Cunningham

Chief Executive Officer

(Principal Executive Officer)

Date: November 14, 2023

By: /s/ Daniel George

Daniel George

Chief Financial Officer

(Principal Financial and Accounting Officer)

50

Exhibit 31.1 10.3

## LOAN AND SECURITY AGREEMENT

**THIS LOAN AND SECURITY AGREEMENT** (this "Agreement") is dated as of November 13, 2023 (the "Effective Date") among (a) **22NW, LP** ("22NW"), in its capacity as administrative agent and collateral agent ("Agent"), (b) 22NW, as a lender, (c) **JFL Capital Management LLC** ("JFL") as a lender (22NW, in its capacity as a lender hereunder, JFL and each of the other "Lenders" from time to time party hereto are referred to herein collectively as the "Lenders" and each individually as a "Lender"), and (d) **Anebulo Pharmaceuticals, Inc.**, a Delaware corporation (the "Borrower"). The parties agree as follows:

### **1 LOAN AND TERMS OF PAYMENT**

#### **1.1 Advances.**

(a) Availability. Subject to the terms and conditions of this Agreement, the Lenders shall make Advances to the Borrower not exceeding the Availability Amount.

(b) Repayment. The principal amount of all Advances, the unpaid interest thereon, and all other Obligations relating thereto shall be immediately due and payable on the Maturity Date.

(c) Permitted Prepayment. Borrower shall have the option to prepay all, but not less than all, of the Advances provided Borrower (i) delivers written notice to Agent and each Lender of its election to prepay the Advances at least three Business Days prior to such prepayment, and (ii) pays to the Lenders, in accordance with their respective Pro Rata Shares, on the date of such prepayment, all Advances, the unpaid interest thereon, and all other Obligations relating thereto.

(d) Mandatory Prepayment Upon an Acceleration. If the Advances are accelerated under the terms of this Agreement following the occurrence and during the continuance of an Event of Default, Borrower shall immediately pay to the Lenders, in accordance with their respective Pro Rata Shares, on the date of such prepayment, all Advances, the unpaid interest thereon, and all other Obligations relating thereto.

(e) No Reborrowing. Once repaid, Advances may not be reborrowed.

#### **1.2 Payment of Interest on the Advances.**

(a) Interest Payments. Interest on the principal amount of each Advance is payable in arrears (i) on each Payment Date commencing on the first Payment Date following the Funding Date of each such Advance, (ii) on the date of any prepayment and (iii) on the Maturity Date.

(b) Interest Rate. The outstanding principal amount of any Advance shall accrue interest at a rate per annum equal to 0.25%. Interest shall be computed on the basis of the actual number of days elapsed and a 365 or 366-day year, as applicable, for any Advance outstanding. In computing interest, the date of the making of any Advance

shall be included and the date of payment shall also be included; provided, however, that if any Advance is repaid on the same day on which it is made, such day shall be included only once in computing interest on such Advance.

**1.3 Lender's Expenses.** The Borrower will reimburse Lenders' Expenses incurred through and after the Effective Date, when due (or, if no stated due date, upon demand by Agent or any Lender to whom such Lenders' Expenses are owed). Notwithstanding the foregoing, the Borrower's reimbursement obligation with respect to Lenders' Expenses incurred prior to the Effective Date will not exceed \$20,000.

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1.4 Grant of Common Stock.

**1.4.1 Initial Grant.** On the Effective Date, Borrower shall issue 300,000 shares of common stock of the Borrower ("Common Stock") to 22NW (such issuance, the "**Upfront Issuance**").

**1.4.2 First Advance Share Issuance.** In connection with the first Advance made pursuant to this Agreement, Borrower shall issue to each Lender, such Lender's Pro Rata Share of the First Advance Share Issuance. For purposes of Section 1.4, (a) "**Pro Rata Share**" shall mean, with respect to each Lender, the percentage determined by dividing the amount of the first Advance provided by such Lender by the total amount provided by all Lenders in the first Advance; and (b) "**First Advance Share Issuance**" shall mean the number of shares of Common Stock ("**Shares**") equal to the greater of (i) 50,000 Shares and (ii) the total amount of the first Advance multiplied by 0.03, rounded up or down to the nearest whole number of Shares. For example, if the first Advance is \$3,000,000, funded \$1,500,000 by 22NW and \$1,500,000 by JFL, then the First Advance Share Issuance would be 90,000 Shares with 45,000 Shares issued to 22NW and 45,000 Shares issued to JFL.

**1.4.3 Additional Advance Share Issuances.** For every dollar a Lender provides to Borrower pursuant to an Advance, other than in connection with the first Advance, Borrower shall issue to such Lender 0.03 Shares, rounded up or down to the nearest whole number of Shares (each such issuance, an "**Additional Advance Share Issuance**" and with the First Advance Share Issuance, the "**Advance Share Issuances**").

**1.4.4 Maximum Advance Share Issuance.** Notwithstanding Sections 1.4.2 and 1.4.3 to the contrary, the maximum aggregate number of Shares to be issued in connection with the Advance Share Issuances shall not exceed 300,000 Shares. As a result, the maximum number of Shares that shall be issued pursuant to this Agreement is 600,000 Shares.

**1.4.5 Issuance Matters.**

(a) The Shares, when issued and delivered in accordance with the terms and for the consideration set forth in this Agreement, will be validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under applicable state and federal securities laws.

(b) The Lenders are aware of the Borrower's business affairs and financial condition and has acquired sufficient information about the Borrower to reach an informed and knowledgeable decision to acquire the Shares in accordance with the terms of this Agreement. Each Lender is acquiring the Shares, if any, for investment for such Lender's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "**Act**").

(c) The Lenders understand that the Shares have not been registered under the Act by reason of a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of such Lender's investment intent as expressed in this Agreement.

(d) The Lenders further acknowledge and understand that the Shares must be held indefinitely unless the Shares are subsequently registered under the Act or an exemption from such registration is available. The Lenders further acknowledge and understand that the Borrower is under no obligation to register the Shares. The Lenders understands that the certificate evidencing the Shares will be imprinted with a legend that prohibits the transfer of the Shares unless the Shares are registered or such registration is not required in the opinion of counsel for the Borrower.

**1.5 Payments; Pro Rata Treatment; Application of Payments.**

(a) Except as otherwise expressly provided herein, all payments (including prepayments) to be made by Borrower to Agent or to the Lenders under this Agreement shall be made to Agent or, as the case may be, to the Lender to which such payment is owed, in each case, at its office and for its own account in immediately available funds in U.S. dollars, without setoff, counterclaim, or deduction, before 12:00 p.m. Pacific time on the date when due. Payments of principal and/or interest received after 12:00 p.m. Pacific time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment shall be due the next Business Day, and additional fees or interest, as applicable, shall continue to accrue until paid.

(b) Except as otherwise provided herein, each payment (including each prepayment) by Borrower on account of principal or interest on the Advances shall be applied according to each Lender's Pro Rata Share of the outstanding principal amount of the Advances.

(c) Agent and Lenders have the exclusive right to determine the order and manner in which all payments with respect to the Obligations may be applied. Borrower shall have no right to specify the order or the accounts to which Agent and Lenders shall allocate or apply any payments required to be made by Borrower to Agent or any Lender or otherwise received by Agent or any Lender under this Agreement when any such allocation or application is not specified elsewhere in this Agreement.

#### 1.6 Procedures for Borrowing.

(a) Advance Request. To obtain an Advance, Borrower shall notify Agent and each Lender (which notice shall be irrevocable) by 12:00 p.m. Pacific time at least three (3) Business Days prior to the proposed Funding Date of such Advance. Such notice shall be made by electronic mail, or telephone, and, together with any such notification, Borrower shall deliver to Agent and each Lender by electronic mail a completed Advance Request Form executed by a Responsible Officer.

(b) Pro Rata Shares; Commitment. With respect to each Advance, JFL shall have the right, but not the obligation, to fund 50% of such Advance. Following Borrower's request for any Advance in accordance with the preceding Section 1.6(a), JFL shall notify 22NW and the Borrower in writing of whether it will participate pursuant to this Section 1.6(b) within one Business Day. Such notice shall be irrevocable. In the event JFL does not elect to participate in the funding of any Advance pursuant to this Section 1.6(b), 22NW will fund 100% of such Advance.

(c) Funding. On the Funding Date for any Advance, each applicable Lender shall wire its portion of such Advance as directed by Borrower in the applicable Advance Request Form. Notwithstanding the foregoing and anything else to the contrary herein, in the event JFL fails to timely fund its portion of any Advance, the Borrower may by written notice to the Agent and each Lender (i) compel 22NW (in its capacity as a Lender) to immediately fund such portion and (ii) revoke JFL's right to make such advance.

### 2 CONDITIONS PRECEDENT

This Agreement shall become effective upon receipt by the Agent of the following conditions precedent:

(a) Delivery of this Agreement, in form and substance reasonably satisfactory to the Lenders, duly executed by all parties hereto;

(b) Delivery of a closing certificate executed by a Responsible Officer of Borrower certifying that the Borrower is in good standing, that there are no conflicts with the execution and performance of this Agreement by the Borrower, that this Agreement has been duly authorized by the Borrower, and that there is no litigation currently pending or threatened against Borrower that would affect the execution and delivery of this Agreement;

(c) Payment of the fees and Lenders' Expenses then due as specified in Section 1.3 hereof; and

(d) Issuance of Upfront Issuance to 22NW in accordance with Section 1.4.1.

### **3 SECURITY INTEREST AND JOINDERS**

#### **3.1 Grant of Security Interest.** Solely if a minimum of \$3,000,000 in Advances are outstanding, Borrower and

Agent will enter into a short-form security agreement reasonably acceptable to Agent in order grant to the Agent, for the ratable benefit of the Lenders, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledge to Agent, for the ratable benefit of the Lenders, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. For clarity, any reference to "Agent's Lien" or any granting of Collateral to Agent in this Agreement means the Lien that may be granted to Agent, for the ratable benefit of the Lenders, pursuant to this Section 3.1.

#### **3.2 Authorization to File Financing Statements.** Solely if a minimum of \$3,000,000 in Advances are

outstanding and Borrower has granted Agent's Lien pursuant to the preceding Section 3.1, Borrower hereby authorizes Agent, on behalf of the Lenders, to file financing statements, without notice to Borrower, with all U.S. jurisdictions deemed necessary or appropriate by Agent to perfect or protect Agent's and Lenders' interest or rights hereunder, including a notice that any disposition of the Collateral, by Borrower or any other Person, shall be deemed to violate the rights of Agent under the Code. Such financing statements may indicate the Collateral as "all assets of the Debtor" or words of similar effect. Borrower will not be required to undertake any actions to perfect Agent's Lien other than as specifically provided in this Section 3.2.

#### **3.3 Formation or Acquisition of Subsidiaries.** At the time that Borrower forms any Subsidiary or acquires

any Subsidiary after the Effective Date (excluding any Foreign Subsidiary), Borrower shall cause such new Subsidiary to provide to Lenders a joinder to this Agreement to become a co-borrower hereunder and grant a security interest in its assets to Agent pursuant to Section 3.1.

#### **3.4 Termination of Security Interests; Release of Co-Borrowers.**

(a) Termination. If this Agreement is terminated, Agent's Lien in the Collateral, if any, shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as the Lenders' obligation to make Advances has terminated, Agent's Lien in the Collateral, if any, shall automatically terminate, Borrower shall be authorized to file termination statements in any jurisdiction to evidence such termination, and Agent and each Lender shall, at Borrower's sole cost and expense, take any actions reasonably requested by Borrower (including the filing of termination statements) to evidence such termination.

(b) Disposal of Collateral. If any of the Collateral shall be disposed of or transferred by Borrower or a Guarantor, then such Collateral shall be automatically released from Agent's Lien (if any), and from time to time thereafter the Agent, at Borrower's sole cost and expense, shall execute and deliver all releases or other documents reasonably requested by Borrower to effect or evidence the release of such Liens.

(c) Release of Co-Borrowers. If any Subsidiary of the Borrower that is a co-borrower hereunder ceases to be a Domestic Subsidiary of Borrower, then such co-borrower will automatically be released from its obligations under this Agreement, and from time to time thereafter the Agent, at Borrower's sole cost and expense, shall execute and deliver all releases or other documents reasonably requested by Borrower to effect or evidence such release.

**4 COVENANTS.** Until all Obligations have been paid in full, Borrower agrees that, unless at any time Required Lenders shall otherwise consent in writing:

**4.1 Reporting.** Borrower will promptly furnish to Lenders when available and in any event within 30 days after the end of each calendar month (except that such period shall be within 45 days after the end of such calendar month that is the last month of a calendar quarter), a consolidated balance sheet of the Borrower and its Subsidiaries (if any), together with statements of earnings and cash flows for such calendar month.

**4.2 Post-Effective Date Deliveries.** Borrower shall deliver to Lenders:

**4.2.1** Within 3 Business Days after the Effective Date, reasonably satisfactory evidence that the Borrower has consummated the Upfront Issuance under Sections 1.4.1 and 2.3(d) of this Agreement; and

**4.2.2** UCC and intellectual property searches with respect to the Borrower that are reasonably satisfactory to the Lenders prior to Borrower's delivery of a notice for the first Advance.

**4.3 Senior Secured Debt.** Borrower shall not enter into any debt facility that has a lien or security interest against any of the Collateral that is senior or pari pasu to the Lenders.

**5 EVENTS OF DEFAULT**

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement:

**5.1 Payment Default.** Borrower fails to (a) make any payment of principal or interest on any Advance within three Business Days of its due date, or (b) pay any other Obligations within ten Business Days after such Obligations are due and payable. The cure periods provided for in the preceding sentence shall not apply to payments due on the Maturity Date or the date of acceleration of the Advances during the continuance of an Event of Default, and the Lenders will not be required to make Advances during such cure periods.

**5.2 Covenant Default.** Borrower materially defaults in its performance of any other covenant under this Agreement, other than a default under Sections 4.2.1 and 4.3, which default is not cured within 30 days after written notice thereof from Agent.

**5.3 Voluntary Bankruptcy.** Borrower files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, now or hereafter in effect, or makes any assignment for the benefit of creditors or takes any corporate action in furtherance of any of the foregoing.

**5.4 Involuntary Bankruptcy.** An involuntary petition is filed against the Borrower (unless such petition is dismissed or discharged within 60 days under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) is appointed to take possession, custody or control of any property of the Borrower.

**6 RIGHTS AND REMEDIES**

**6.1 Rights and Remedies.** Upon the occurrence and during the continuance of an Event of Default, Agent may, and if directed by Required Lenders, shall, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 4.3 or Section 4.4 occurs all Obligations are immediately due and payable without any action by Agent or any Lender);

(b) stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement among Borrower, Agent and/or any Lenders;

(c) verify the amount of, demand payment of and performance under, and collect any Accounts and General Intangibles, settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Agent and/or the Lenders consider advisable, and notify any Person owing Borrower money of Agent's security interest in such funds;

(d) make any payments and do any acts Agent or any Lender considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Agent requests and make it available as Agent designates. Agent may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Agent a license to enter and occupy any of its premises, without charge, to exercise any of Agent's rights or remedies;

Borrower;

(e) apply to the Obligations any amount held by Agent owing to or for the credit or the account of

(f) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. For use solely upon the occurrence and during the continuation of an Event of Default, Agent, for the benefit of the Lenders, is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, Patents, Copyrights, mask works, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Agent's exercise of its rights under this Section 6.1, Borrower's rights under all licenses and all franchise agreements inure to Agent, for the ratable benefit of the Lenders, and to each Lender;

(g) demand and receive possession of Borrower's Books; and

(h) exercise all rights and remedies available to Agent and the Lenders at law or equity, including all remedies provided under the Code or any Applicable Law (including disposal of the Collateral pursuant to the terms thereof).

**6.2 Power of Attorney.** Borrower hereby irrevocably appoints Agent, for the benefit of the Lenders, as its true and lawful attorney-in-fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (i) endorse Borrower's name on any checks, payment instruments, or other forms of payment or security; (ii) sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (iii) demand, collect, sue, and give releases to any Account Debtor for monies due, settle and adjust disputes and claims about the Accounts directly with Account Debtors, and compromise, prosecute, or defend any action, claim, case, or proceeding about any Collateral (including filing a claim or voting a claim in any bankruptcy case in Agent's or Borrower's name, as Agent chooses); (iv) make, settle, and adjust all claims under Borrower's insurance policies; (v) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (vi) transfer the Collateral into the name of Agent or a third party as the Code permits. Agent's foregoing appointment as Borrower's attorney in fact, and all of Agent's rights and powers, coupled with an interest, are irrevocable until such time as all Obligations (other than inchoate indemnity obligations) have been satisfied in full, Agent is under no further obligation to make Advances and this Agreement has been terminated. Agent shall not incur any liability in connection with or arising from the exercise of such power of attorney and shall have no obligation to exercise any of the foregoing rights and remedies.

**6.3 Application of Payments and Proceeds.** Agent may apply any funds in its possession, whether from Borrower account balances, payments, proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, or otherwise, to the Obligations in such order as Agent shall determine in its sole discretion. Any surplus shall be paid to Borrower or other Persons legally entitled thereto; Borrower shall remain liable to Agent and the Lenders for any deficiency. If Agent, in its commercially reasonable discretion, directly or indirectly, enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Agent shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Agent of cash therefor.

**6.4 Liability for Collateral.** Agent's and Lenders' sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in their possession or under the control of Agent and/or Lenders, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as Agent and/or Lenders deal with their own property consisting of similar instruments or interests. Borrower bears all risk of loss, damage or destruction of the Collateral.

**6.5 No Waiver; Remedies Cumulative.** Agent's and any Lender's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement shall not waive, affect, or diminish any right of Agent or any Lender thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Agent's and each Lender's rights and remedies under this Agreement are cumulative. Agent and each Lender have all rights and remedies provided under the Code, by law, or in equity. Agent's or any

Lender's exercise of one right or remedy is not an election and shall not preclude Agent or any Lender from exercising any other remedy under this Agreement or other remedy available at law or in equity, and Agent's or any Lender's waiver of any Event of Default is not a continuing waiver. Agent's or any Lender's delay in exercising any remedy is not a waiver, election, or acquiescence.

**6.6 Demand Waiver.** Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Agent on which Borrower is liable.

## **7 NOTICES**

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail; (c) one Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address or email address indicated below; provided that, for clause (b), if such notice, consent, request, approval, demand or other communication is not sent during the normal business hours of the recipient, it shall be deemed to have been sent at the opening of business on the next Business Day of the recipient. Agent, any Lender or Borrower may change its mailing or electronic mail address by giving the other parties written notice thereof in accordance with the terms of this Section 7.

If to Borrower:

Anebulo Pharmaceuticals, Inc.  
1017 Ranch Road 620 South, Suite 107  
Lakeway, Texas 78734  
Attn: Richie Cunningham  
Email: richie@anebulo.com

If to 22NW:

22NW Fund, LP  
590 1st Ave S Unit C-1  
Seattle, WA 98104  
Attn: Aron English  
Email: english@englishcap.com

If to JFL:

JFL Capital Management, LLC  
2110 Ranch Road 620 S  
#341732  
Lakeway, Texas 78734  
Attn: Joseph Lawler  
Email: joe@jflcapitalmanagement.com

## **8 CHOICE OF LAW**

This Agreement shall be deemed to have been made under and shall be governed by the laws of the State of New York (without regard to choice of law principles except as set forth in Section 5-1401 of the New York General Obligations Law) in all respects, including matters of construction, validity, and performance.

## **9 GENERAL PROVISIONS**

**9.1 Termination Prior to Maturity Date; Survival.** This Agreement shall continue in full force until terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations) have been satisfied. So long as Borrower has satisfied the Obligations (other than inchoate indemnity obligations, and any other obligations which, by their terms, are to survive the termination of this Agreement and the repayment of all Obligations), this Agreement may be terminated prior to the Maturity Date by Borrower, effective three Business Days after written notice of termination is given to Agent. Those obligations that are expressly specified in this Agreement as surviving this Agreement's termination and the repayment of all Obligations shall continue to survive notwithstanding this Agreement's termination and the repayment of all Obligations.

**9.2 Successors and Assigns.** This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign or transfer this Agreement or any rights or obligations under it without Agent's and Required Lenders' prior written consent (which may be granted or withheld in Agent's and each Lender's sole discretion) and any other attempted assignment or transfer by Borrower shall be null and void. Neither Agent nor any Lender may assign or transfer this Agreement or any rights or obligations under it without Borrower's prior written consent (which may be granted or withheld in Borrower's sole discretion) and any other attempted assignment or transfer by Agent or a Lender shall be null and void.

**9.3 Severability of Provisions.** Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

**9.4 Amendments in Writing; Waiver; Integration.** No purported amendment or modification of this Agreement, or waiver, discharge, subordination or termination of any obligation under this Agreement shall be enforceable or admissible unless, and only to the extent, expressly set forth in a writing signed by Borrower, Agent and the Required Lenders. This Agreement represents the entire agreement about this subject matter and supersedes prior negotiations or agreements.

**9.5 Counterparts.** This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement. Delivery of an executed signature page of this Agreement by electronic mail transmission shall be effective as delivery of a manually executed counterpart hereof.

**9.6 Confidentiality.** Agent and each Lender agrees to maintain the confidentiality of Information (as defined below), except that Information may be disclosed (a) to Agent, Lenders and/or Agent's or Lenders' subsidiaries or Affiliates, and their respective employees, directors, partners, potential partners, officers, managers, agents, attorneys, accountants and other professional advisors (collectively, "**Representatives**" and, together with Agent and the Lenders, collectively, "**Lender Entities**"); (b) as required by law, regulation, subpoena, or other order; (c) to Agent's or any Lender's regulators or as otherwise required or requested in connection with Agent's or any Lender's examination or audit; (d) in connection with the exercise of remedies hereunder or any action or proceeding relating to this Agreement or the enforcement of rights hereunder; and (e) to third-party service providers of Agent and/or any Lender so long as such service providers have executed a confidentiality agreement with Agent or the Lenders, as applicable, with terms no less restrictive than those contained herein. "**Information**" means all information received from Borrower regarding Borrower or its business, in each case other than information that is either: (i) in the public domain or in Agent's or any Lender's possession when disclosed to Agent or such Lender, or becomes part of the public domain (other than as a result of its disclosure by Agent or a Lender in violation of this Agreement) after disclosure to Agent and/or the Lenders; or (ii) disclosed to Agent and/or a Lender by a third party, if Agent or such Lender, as applicable, does not know that the third party is prohibited from disclosing the information.

**9.7 Electronic Execution of Documents.** The words "execution," "signed," "signature" and words of like import shall be deemed to include electronic signatures, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any Applicable Law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

**9.8 Captions and Section References.** The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement. Unless indicated otherwise, section references herein are to sections of this Agreement.

**9.9 Construction of Agreement.** The parties hereto mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

## **10 ACCOUNTING TERMS AND OTHER DEFINITIONS**

### 10.1 Accounting and Other Terms.

(a) Accounting terms not defined in this Agreement shall be construed following GAAP. Calculations and determinations must be made following GAAP (except for with respect to unaudited financial statements for the absence of footnotes and subject to year-end audit adjustments).

(b) As used herein: (i) the words "shall" or "will" are mandatory, the word "may" is permissive, the word "or" is not exclusive, the words "includes" and "including" are not limiting, the singular includes the plural, and numbers denoting amounts that are set off in brackets are negative; and (ii) the term "continuing" in the context of an Event of Default means that the Event of Default has not been remedied (if capable of being remedied) or waived.

**10.2 Definitions.** Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in this Section 9.2 of this Agreement. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein. As used in this Agreement, the following capitalized terms have the following meanings:

**"Account"** is, as to any Person, any "account" of such Person as "account" is defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to such Person.

**"Account Debtor"** is any "account debtor" as defined in the Code with such additions to such term as may hereafter be made.

**"Advance"** means a loan advance made by Lenders to Borrower pursuant to this Agreement.

**"Advance Request Form"** is that certain form attached hereto as Exhibit A.

**"Affiliate"** is, with respect to any Person, each other Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

**"Agent"** is defined in the preamble hereof.

**"Agreement"** is defined in the preamble hereof.

**"Applicable Law"** means all applicable provisions of constitutions, laws, statutes, ordinances, rules, treaties, regulations, permits, licenses, approvals, interpretations, international agreements and orders of courts or Governmental Authorities and all orders and decrees of all courts and arbitrators.

**"Availability Amount"** is \$10,000,000.

**"Borrower's Books"** are all Borrower's books and records including ledgers, federal and state tax returns, records regarding Borrower's assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

**"Business Day"** is a day other than a Saturday, Sunday or other day on which commercial banks in the State of California are authorized or required by law to close.

**"Code"** means the New York Uniform Commercial Code.

**"Collateral"** consists of all of Borrower's right, title and interest in and to the following personal property:

(a) All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as provided below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, securities accounts, securities entitlements and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

(b) All Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (a) any rights or interest in any contract, lease, permit, license, or license agreement covering real or personal property if under the terms of such contract, lease, permit, license, or license agreement, or applicable law with respect thereto, the grant of a security interest or lien therein would result in the abandonment, invalidation, unlawfulness or unenforceability of any right or interest therein or is prohibited as a matter of law or under the terms of such contract, lease, permit, license, or license agreement and such prohibition or restriction has not been waived or the consent of the other party to such contract, lease, permit, license, or license agreement has not been obtained (provided that the foregoing exclusions of this clause (a) shall in no way be construed to apply to the extent that any described prohibition or restriction is ineffective under Section 9-406, 9-407, 9-408, or 9-409 of the Code or other applicable law, to apply to the extent that any consent or waiver has been obtained that would permit Agent's security interest or lien to attach notwithstanding the prohibition or restriction on the pledge of such contract, lease, permit, license, or license agreement, or to apply to any proceeds or receivables thereof); (b) any United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark applications under applicable federal law, provided that upon submission and acceptance by the United States Patent and Trademark Office of an amendment to allege use pursuant to 15 U.S.C. Section 1060(a) (or any successor provision), such intent-to-use trademark application shall be considered Collateral; or (c) more than 65% of the voting equity interests in any Foreign Subsidiary.

**"Copyrights"** are any and all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

**"Domestic Subsidiary"** means a Subsidiary organized under the laws of the United States or any state or territory thereof or the District of Columbia.

**"Effective Date"** is defined in the preamble hereto.

**"Equipment"** is all "equipment" as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

**"Event of Default"** is defined in Section 5.

**"Foreign Subsidiary"** means any Subsidiary which is not a Domestic Subsidiary.

**"Funding Date"** is any date on which an Advance is made to or for the account of Borrower.

**"GAAP"** is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

**"General Intangibles"** is all "general intangibles" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all Intellectual Property, claims, income and other tax refunds, security and other deposits, payment intangibles, contract rights, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

**"Governmental Authority"** is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

**"Information"** is defined in [Section 9.6](#).

**"Insolvency Proceeding"** is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, receivership or other relief.

**"Intellectual Property"** means, with respect to any Person, all of such Person's right, title, and interest in and to the following:

- (a) its Copyrights, Trademarks and Patents;
- (b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how and operating manuals;
- (c) any and all source code;
- (d) any and all design rights which may be available to such Person;
- (e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and
- (f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

**"Inventory"** is all **"inventory"** as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of Borrower's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

**"Lender"** and **"Lenders"** is defined in the preamble.

**"Lender Entities"** is defined in [Section 9.6](#).

**"Lenders' Expenses"** are all of Agent's and the Lenders' reasonable and documented out-of-pocket costs and expenses for preparing, amending, negotiating, administering, defending and enforcing this Agreement (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to Borrower.

**"Lien"** is a claim, mortgage, deed of trust, levy, attachment charge, pledge, hypothecation, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

**"Maturity Date"** means the third anniversary of the Effective Date.

**"Obligations"** are Borrower's obligations to pay when due any principal, interest and Lenders' Expenses that Borrower owes Agent or any Lender now or later, whether under this Agreement, including, without limitation, interest accruing after Insolvency Proceedings begin.

**"Patents"** means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

**"Payment Date"** means March 31, June 30, September 30 and December 31 of each year.

**"Person"** is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

**"Pro Rata Share"** is, as of any date of determination, with respect to each Lender, a percentage (expressed as a decimal, rounded to the ninth decimal place) determined by *dividing* the outstanding principal amount of Advances held by such Lender by the aggregate outstanding principal amount of all Advances.

**"Representatives"** is defined in Section 9.6.

**"Required Lenders"** means, (i) prior to the making of the first Advance, 22NW (in its capacity as a Lender hereunder) and (ii) after the making of the first Advance, Lenders holding fifty percent (50%) or more of the aggregate outstanding principal balance of the outstanding Advances.

**"Responsible Officer"** is any of the President, Chief Executive Officer, or Chief Financial Officer of Borrower.

**"Subsidiary"** is, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock, partnership, membership, or other ownership interest or other equity securities having ordinary voting power (other than stock, partnership, membership, or other ownership interest or other equity securities having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless the context otherwise requires, each reference to a Subsidiary herein shall be a reference to a Subsidiary of Borrower.

**"Trademarks"** means, with respect to any Person, any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of such Person connected with and symbolized by such trademarks.

*[Signature page follows]*

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the Effective

Date.

**BORROWER:**

ANEBULO PHARMACEUTICALS, INC.

By: /s/ Richie Cunningham

Name: Richie Cunningham

Title: Chief Executive Officer

**AGENT:**

**22NW, LP**, as Agent

By: /s/ Aron English

Name: Aron English

Title: President

**LENDERS:**

**22NW, LP**, as Lender

By: /s/Aron English

Name: Aron English

Title: President

**JFL Capital Management LLC**, as Lender

By: /s/ Joseph Lawler

Name: Joseph Lawler

Title: Managing Member

**EXHIBIT A**  
**ADVANCE REQUEST FORM**  
**Advance Request**

TO: 22NW, LP, as Agent, 22NW, LP, as a Lender, and JFL Capital Management LLC, as a Lender  
[DATE]

The undersigned, being a Responsible Officer of **ANEBULO PHARMACEUTICALS, INC.**, a Delaware corporation ("Borrower"), in connection with that certain Loan and Security Agreement dated as of November 13, 2023, by and among Borrower, Agent and the Lenders from time to time party thereto (the "Loan Agreement"; with capitalized terms used herein having the meanings ascribed thereto in the Loan Agreement), does hereby request an Advance in the amount of \$[\_\_\_\_], to be disbursed as follows:

[WIRE INSTRUCTIONS].

Sincerely,

ANEBULO PHARMACEUTICALS, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO RULE 13a-14(a) OR 15d-14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, **Simon Allen, Richard Anthony Cunningham**, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended **March 31, 2023** **September 30, 2023** of Anebulo Pharmaceuticals, Inc.;

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

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

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

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

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

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our 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(s) 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 functions):

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

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

Date: May 11, 2023 November 14, 2023

By:/s/ Simon Allen Richard Anthony Cunningham

Simon Allen Richard Anthony Cunningham

Chief Executive Officer

(Principal Executive Officer)

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Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO RULE 13a-14(a) OR 15d-14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002

I, Sandra Gardiner, Daniel George, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2023 September 30, 2023 of Anebulo Pharmaceuticals, Inc.;

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

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

4. The registrant's other certifying **officer(s) 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 **our** **my** supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report **our** **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(s) 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 functions):

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

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

Date: **May 11, 2023** **November 14, 2023**

By: **/s/ Sandra Gardiner Daniel George**

**Sandra Gardiner Daniel George**

**Acting Chief Financial Officer**

**(Principal Financial and Accounting Officer)**

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Anebulo Pharmaceuticals, Inc. (the "Company") for the period ended **March 31, 2023** **September 30, 2023**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officers of the Company hereby certify, pursuant to 18 U.S.C. Section 1350, that to their knowledge:

(1) The Quarterly Report on Form 10-Q for the period ended **March 31, 2023** **September 30, 2023** (the "Report") of the Company fully complies with the requirements of Section 13(a) or **Section 15(d)** of the Securities Exchange Act of **1934**, as amended; **1934**; and

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

Date: **May 11, 2023** **November 14, 2023**

By */s/ Simon Allen Richard Anthony Cunningham*

**Simon Allen** **Richard Anthony Cunningham**

Chief Executive Officer

*(Principal Executive Officer)*

Date: **May 11, 2023** **November 14, 2023**

By */s/ Sandra Gardiner Daniel George*

**Sandra Gardiner** **Daniel George**

Acting Chief Financial Officer

*(Principal Financial and Accounting Officer)*

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